iFundTraders

Your path to professional trading starts here!™

Trader Manual

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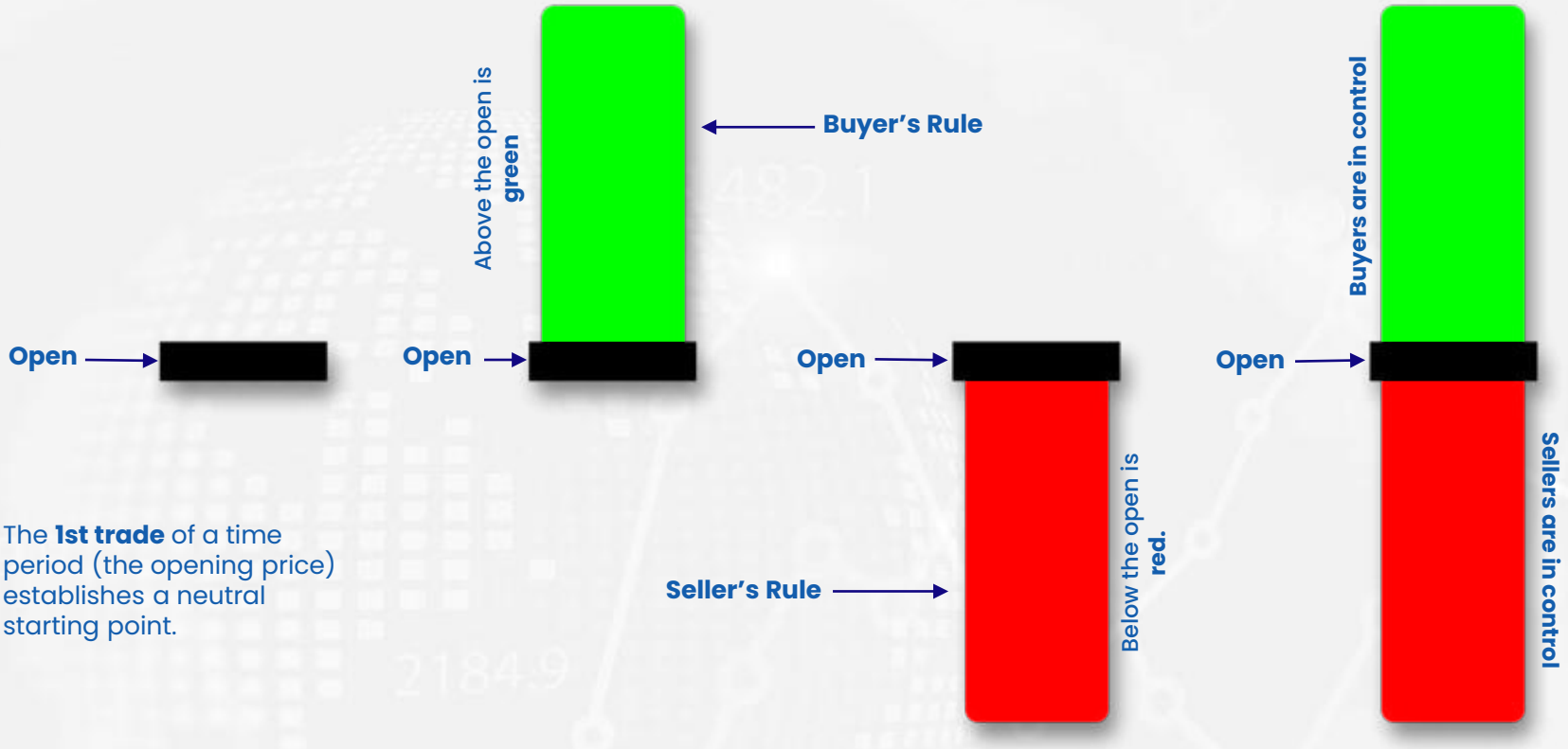
THE OLIVER VELEZ METHOD

Candles Light the Way
The Market's Four Major Ticks

Chapter 1

"Every single transaction is both a buy and a sell, and is therefore neutral. The opening transaction or tick, for any time frame is the most important for iFundTraders" – Oliver L. Velez

The ‘Opening’ is Everything



The **1st trade** of a time period (the opening price) establishes a neutral starting point.

Tip: 82% of the time, a stock will continue or follow-through on the solid color of its last bar.

iFundTraders Tip: The opening trade of a time period determines the starting point. The further a stock rises above the open, the stronger the bulls. The further a stock drops below the opening price, the stronger the bears.

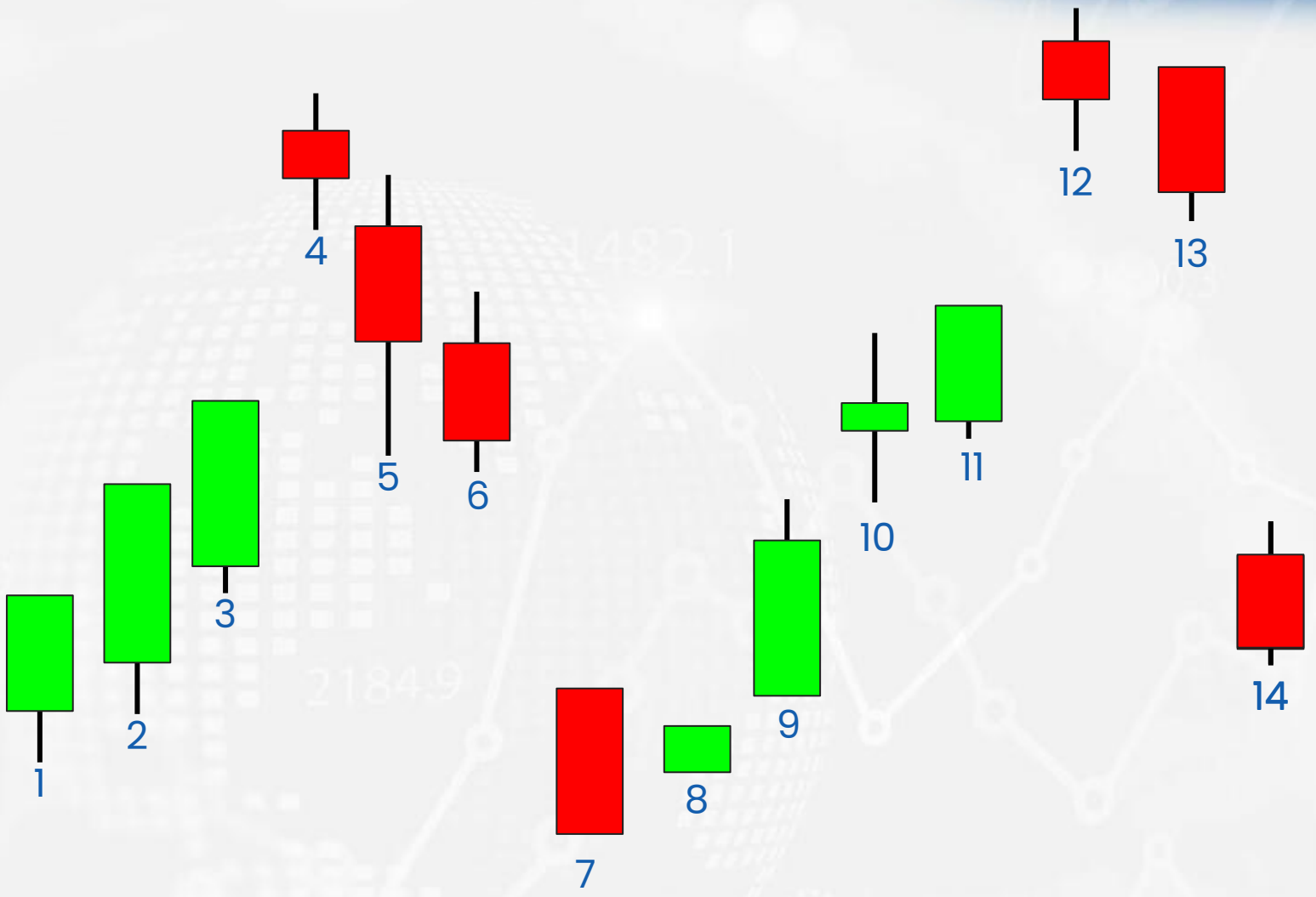
The **Elephant** Bar

Bulls Win

Bears Win

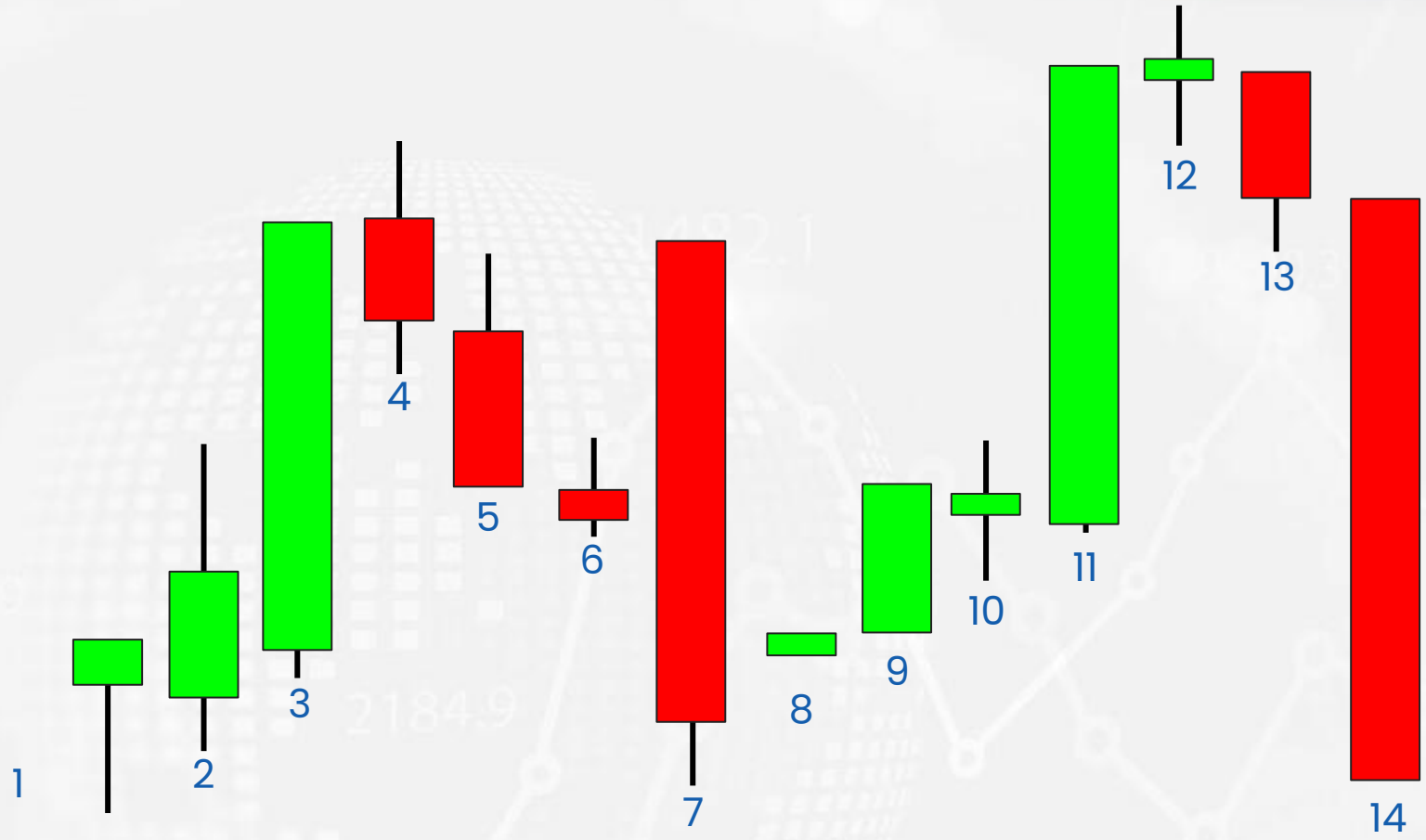
Every individual bar represents a battle that was fought by two groups, the bulls and bears, the buyers and sellers. When the close is well above the open, the bulls win, producing the color green. When the close is well below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win. When the bar is big, relative to the recent bars on the chart, it is called an “elephant” bar.

Elephant Bars



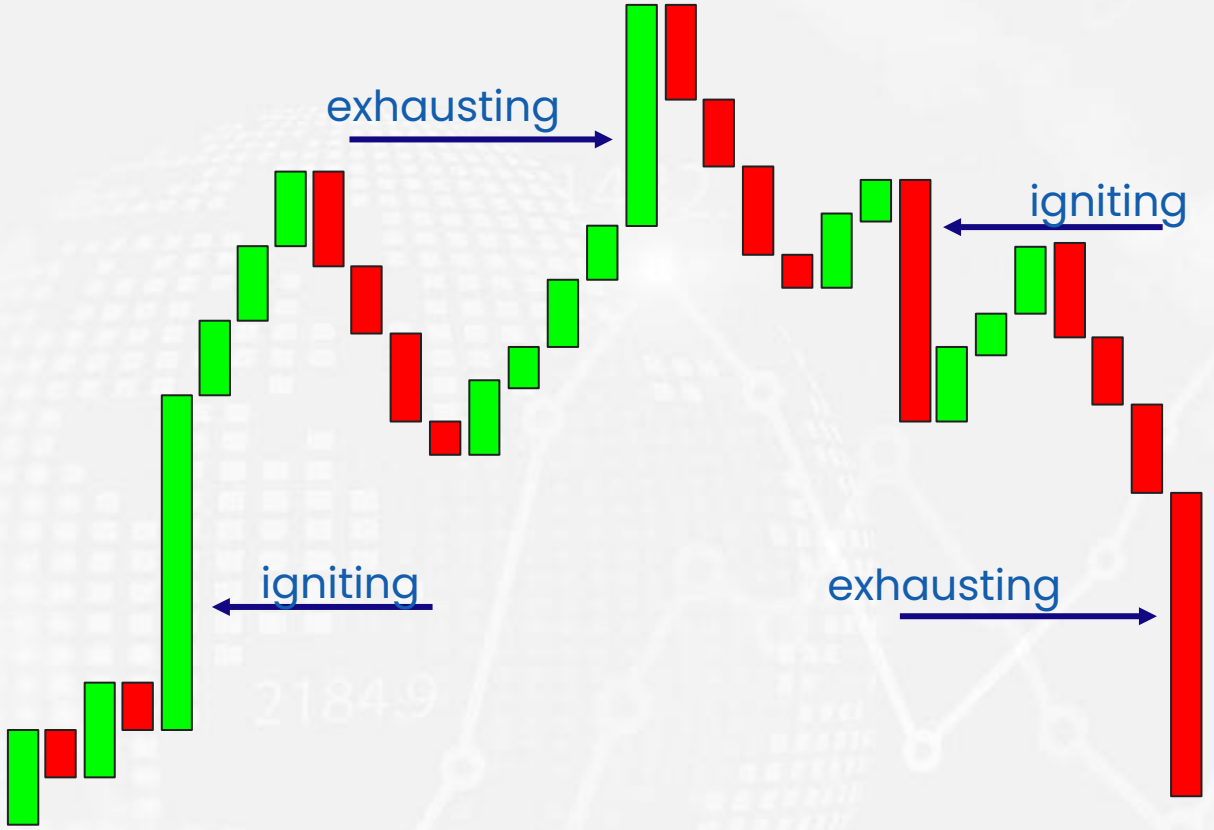
Do you see an **elephant bar(s)?** It should be **obvious,** so if none of the bars stand out as **obvious elephant bars,** then stop looking for one, it is either there or it is not – **they don't hide.**

Elephant Bars



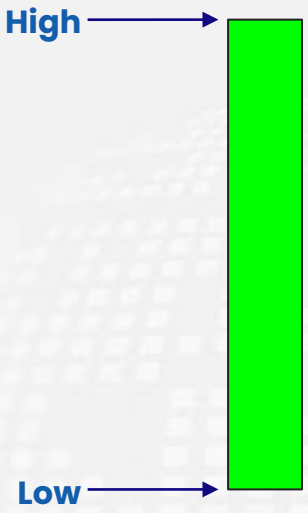
Do you see an **elephant bar(s)?** It should be **obvious,** so if none of the bars stand out as **obvious elephant bars,** then stop looking for one, it is either there or it is not – **they don't hide.**

Elephant Bars
Igniting or Exhausting



Elephant Bars (**aka WRB's wide range bars**) that start a new move or trigger a new entry in the continuation of a trend tend to be igniting in nature and follow through is expected. When these same bars appear after a move has already been underway they represent the final push, the last hoorah, and often lead to a pause and or change the momentum to the opposite direction.

Absolute Control



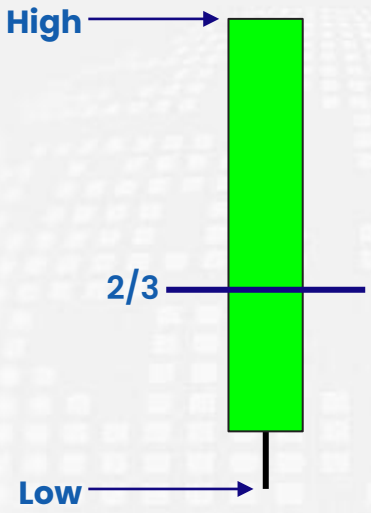
Bulls in Absolute Control

Bears in Absolute Control

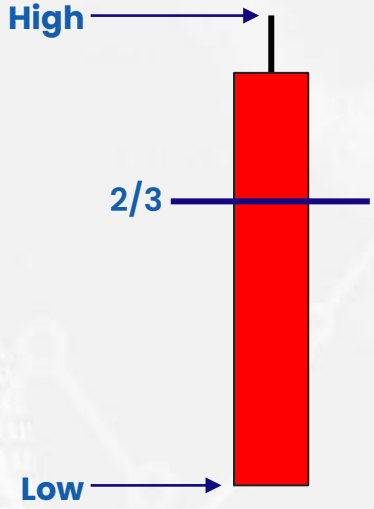
Absolute control exists when a very solid colored bar is trading at its extreme. When a solid green bar is currently trading at its absolute high, bulls are in absolute control. When a solid red bar is currently trading at its absolute low, bears are in absolute control.

iFundTraders Tip: Traders using a momentum style would look to enter the bar following a strong "win" bar, but not at the open. More than the open is needed in order to commit to the trade. The next bar has to confirm the strength of the original "win" bar by first producing a small amount of the same color that clears the high (**green bar**) or low (**red bar**) of the "win" bar.

Keeping Control
The 2/3 Rule



Bulls in Absolute Control

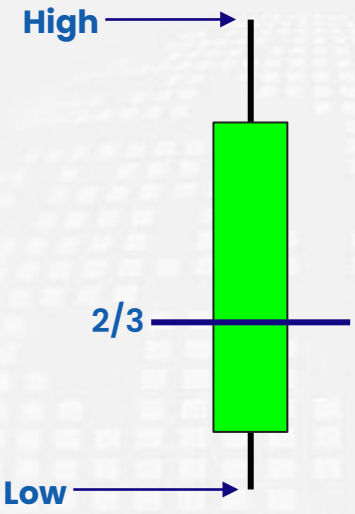


Bears in Absolute Control

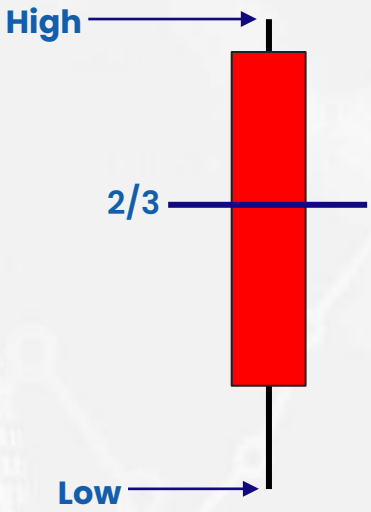
The bigger and more solid the bar, the greater the degree of control is being displayed. The ideal bar is one showing absolute control with a big solid bar and no wicks. Bars showing absolute control during formation may not always complete at the same level of control as they once demonstrated. There can be various stages of control and it is not considered lost until 2/3 or more of the bar's color has been erased.

iFundTraders Tip: If more than 2/3 of a bar's color is suddenly erased, the law of follow-through is negated. We use the 2/3 retracement mark as the turning point.

Full Control



Bulls in Full Control

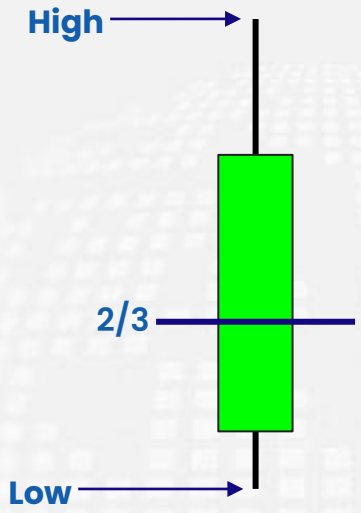


Bears in Full Control

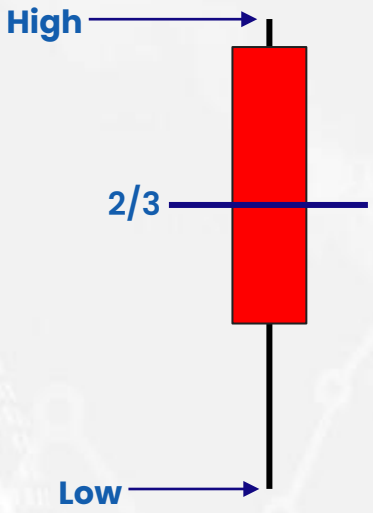
Full control exists when a very solid colored bar is trading just a tad bit off its extreme. When a relatively solid green bar has pulled back off the high, but the bar is still dominantly green, bulls are in full control. When a relatively solid red has moved up off the low, but the bar is still dominantly red, bears are in full control.

iFundTraders Tip: I repeat, it's the upper end of a green bar and the lower end of a red bar that truly determines the potency or lack thereof of the group currently producing the color.

Good Control



Bulls Still in Control

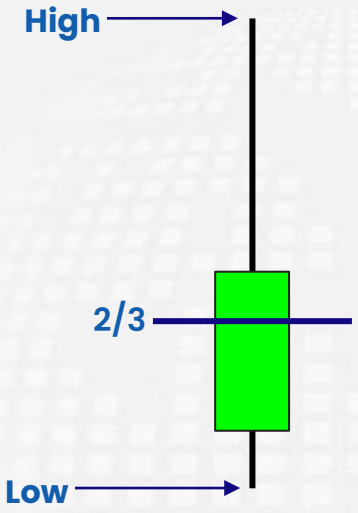


Bears Still in Control

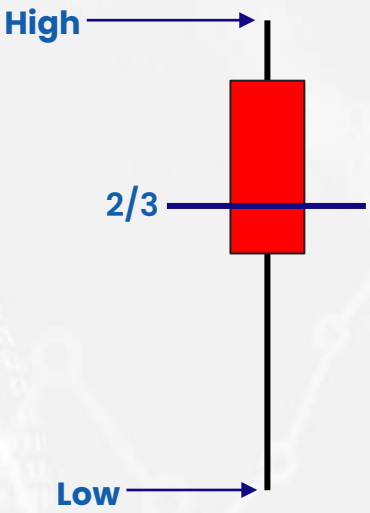
Good control exists when a solid colored bar has moved well off the extreme, but not enough to justify calling the bar wrecked or weak. When a green bar has pulled well off the high, but the bar is still mostly green, bulls are in good control. When a red has moved up well off the low, but the bar is still mostly red, bears are in good control.

iFundTraders Tip: This is often what a bar will do after the trader has already committed to a play. These bars should not necessarily scare traders or make them doubt the power of the group producing the color… Not at this point.
This bar typically represents the squat before a dancer's leap back to strength.

Weak Control



Bulls' Weakening Control

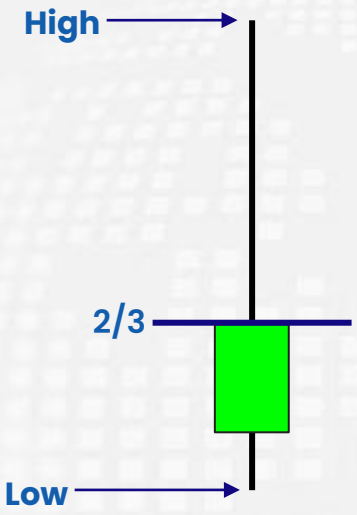


Bears' Weakening Control

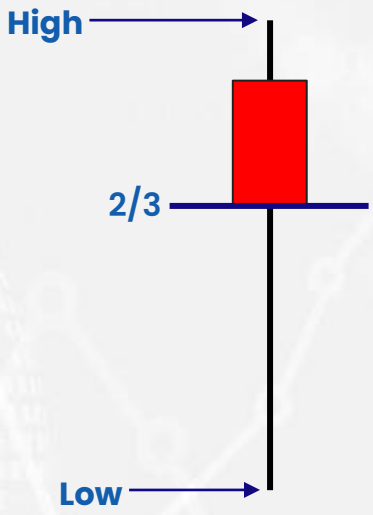
Weak control exists when a solid colored bar has lost about ½ of the color it once had. When a green bar has pulled down well off the high to eliminate about 50% of the green it once had, bulls might be in trouble. When a red bar has moved up well off the low to eliminate about 50% of the red it once had, bears might be in trouble.

iFundTraders Tip: This scenario does not guarantee that a full lost of control will materialize, but if the market is behind the counter color move, the odds are good that the control is going to change.

Lost Control



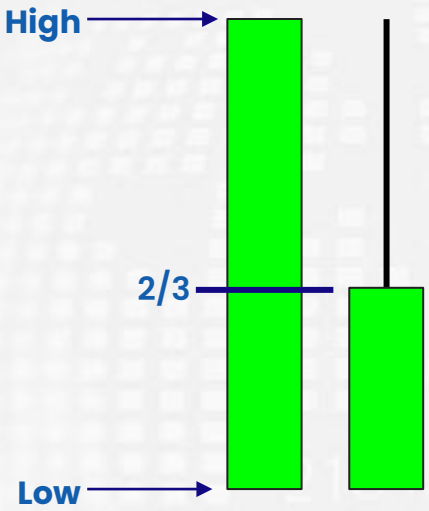
Bulls lose control to Bears

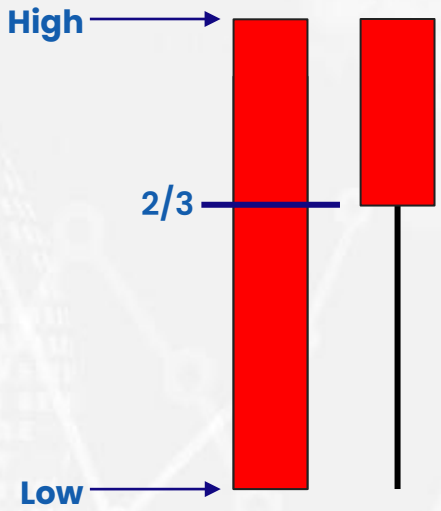


Bears lose control to Bulls

Lost control exists when a previously solid colored bar loses **2/3 or more** of the color it once had, leaving the tail as the most dominant part of the bar. When a very solid green bar has pulled back so far off the high, leaving behind more tail than color, **bulls** have lost their power. When a very solid red bar has pulled back so far off the low, leaving behind more tail than color, **bears** have lost their power.

The **2/3 Retracement**





The idea is to be able to clearly see when a big solid bar **has lost 2/3 or more** of its color, the first sign in a slowing or change in momentum. This should be obvious, it should not take more than a split second glance and does not require you to measure or calculate anything.

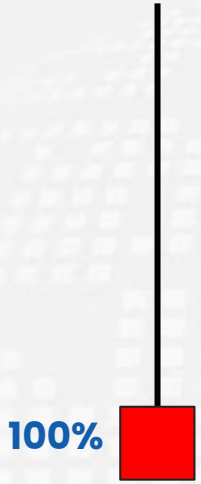
Totally Over!!

Bears in Permanent Control

Bulls in Permanent Control

Remember, each bar represents a battle between the bulls and bears (**buyers and sellers**). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased, the greater the win for the opposite group!

Control Forever!!

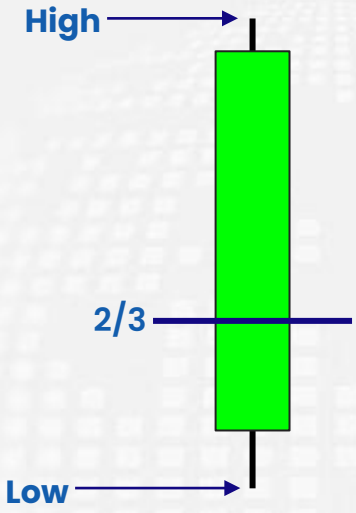


Bears in Control Forever

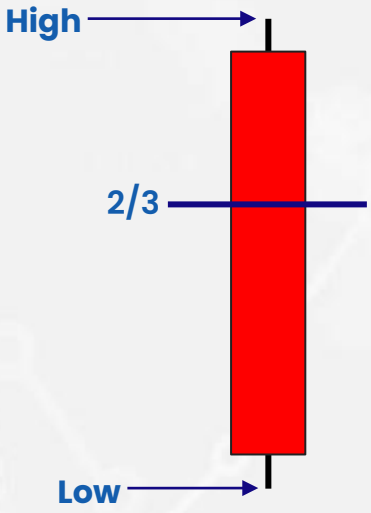
Bulls in Control Forever

Remember, each bar represents a battle between the **bulls** and **bears** (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased, and the other group produces it's own color, it becomes an even greater the win for that group!

Full Control



Bulls in Control



Bears in Control

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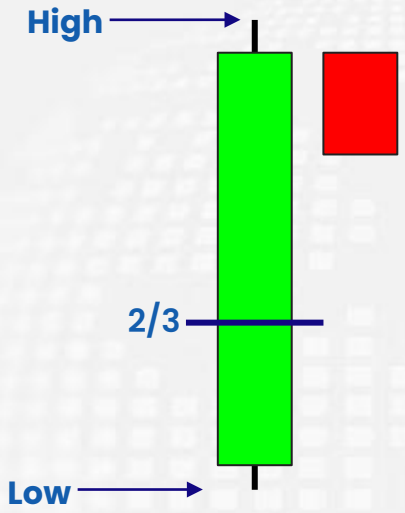
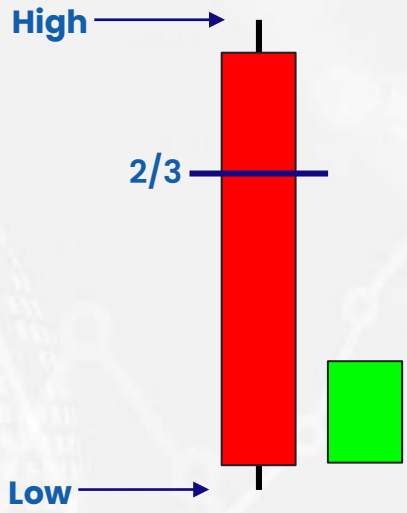
Good Control



Bulls Still in Control



Bears Still in Control

Good control still exists when a solid colored bar has formed and the following bar move against it, but not enough to justify calling the prior bar wrecked or weak.

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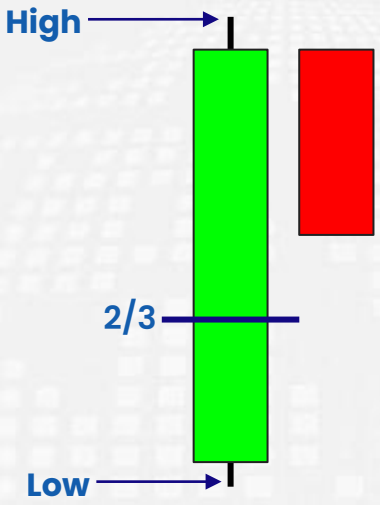
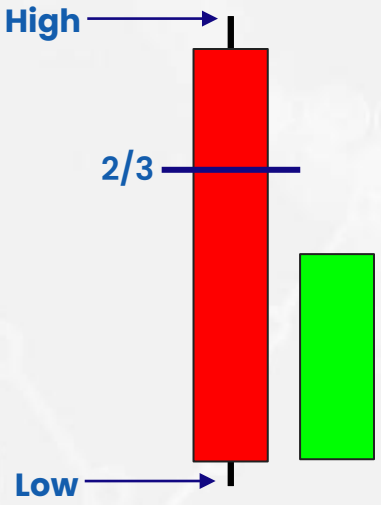
Weak Control



Bulls Weakening Control

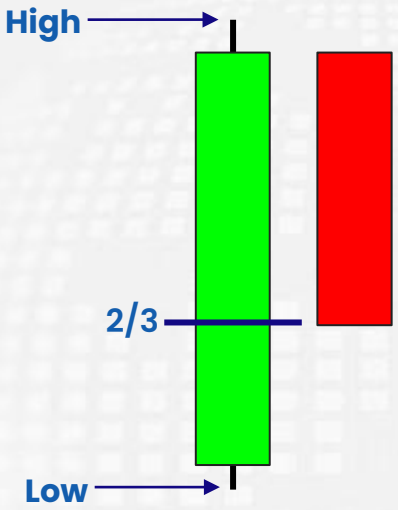


Bears Weakening Control

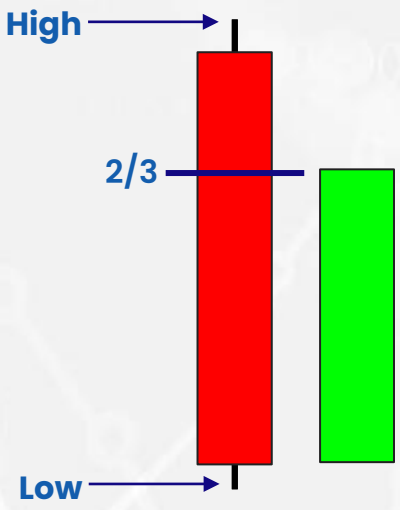
Weak control exists when a solid colored bar has the following bar erase about half the color of the prior bar. When a green bar has a following red bar retrace down and eliminate about 50% of the prior green bar, the bulls might be in trouble. When a red bar has a following green bar retrace up and eliminate about 50% of the prior red bar, the bears might be in trouble.

iFundTraders Tip: This scenario does not guarantee that a full lost of control will materialize, but if the market is behind the counter color move, the odds are good that the control is going to change.

Lost Control



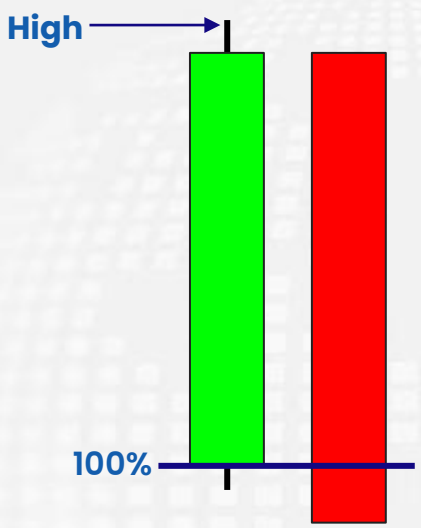
Bears Back in Control



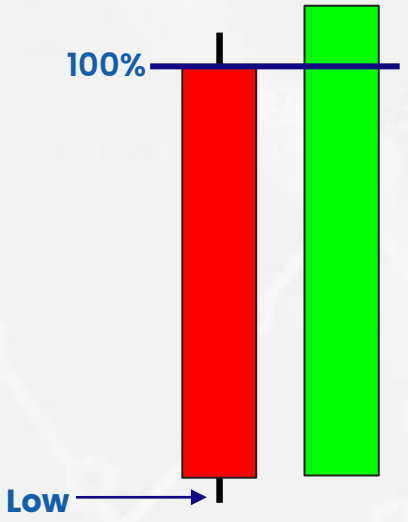
Bulls Back in Control

Lost control exists when a previously solid colored bar has the following bar erase 2/3 or more of the prior bar's color. When a very solid green bar has a following red bar retrace 2/3 or more of the prior green bar, the bulls have lost their power. When a very solid red bar has a following green bar retrace 2/3 or more of the prior red bar, the bears have lost their power.

Totally Over Forever!



Bears in Control Forever



Bulls in Control Forever

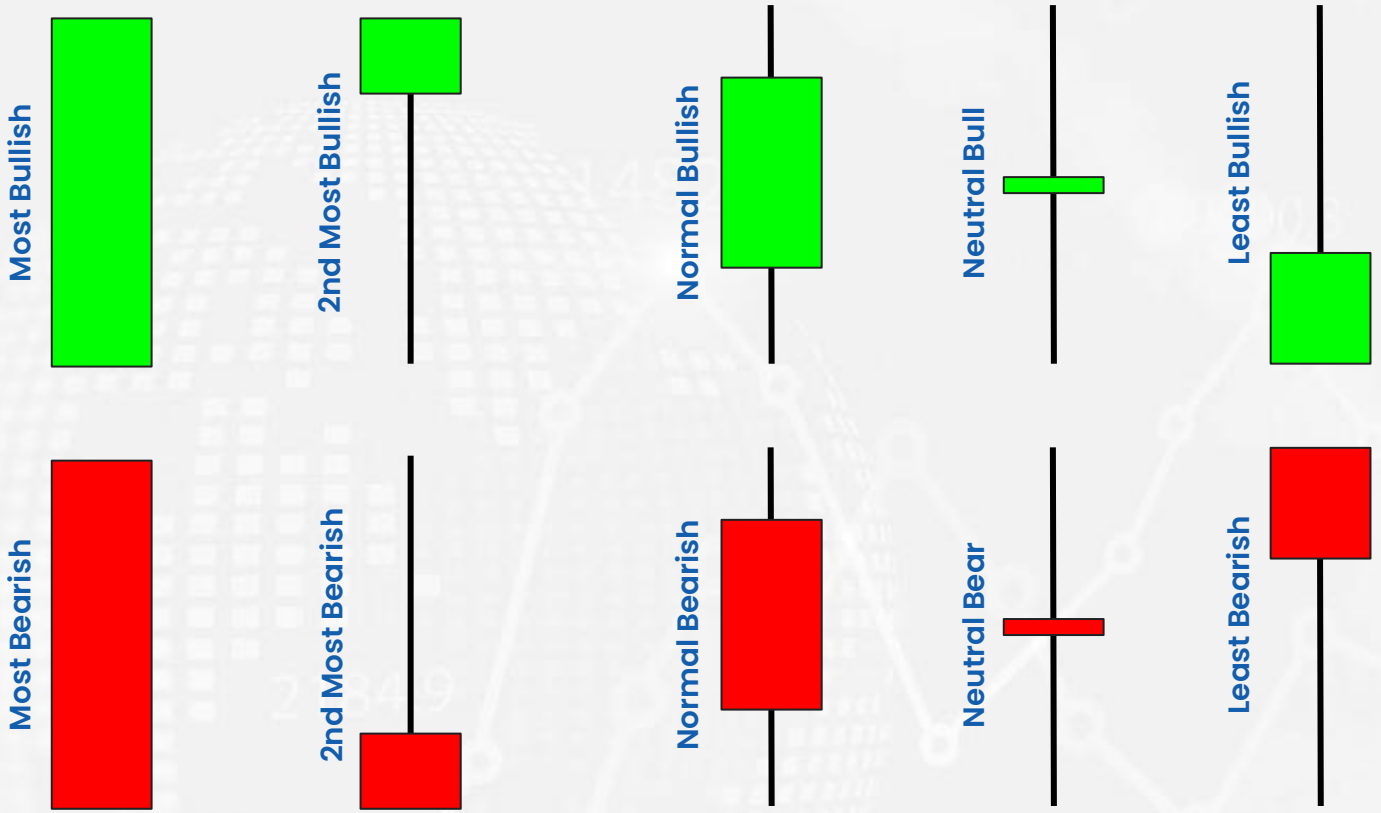
Remember, each bar represents a battle between the bulls and bears (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased by the following bar, the greater the win for the opposite group!

The Market's 13 Bars

Chapter 2

"There are only 13 bars the market can form. They represent the market's alphabet, if you will. Learn these bars and what they mean and you'll be set to Trade for Life™." – Oliver L. Velez

The 10 Colored Candles

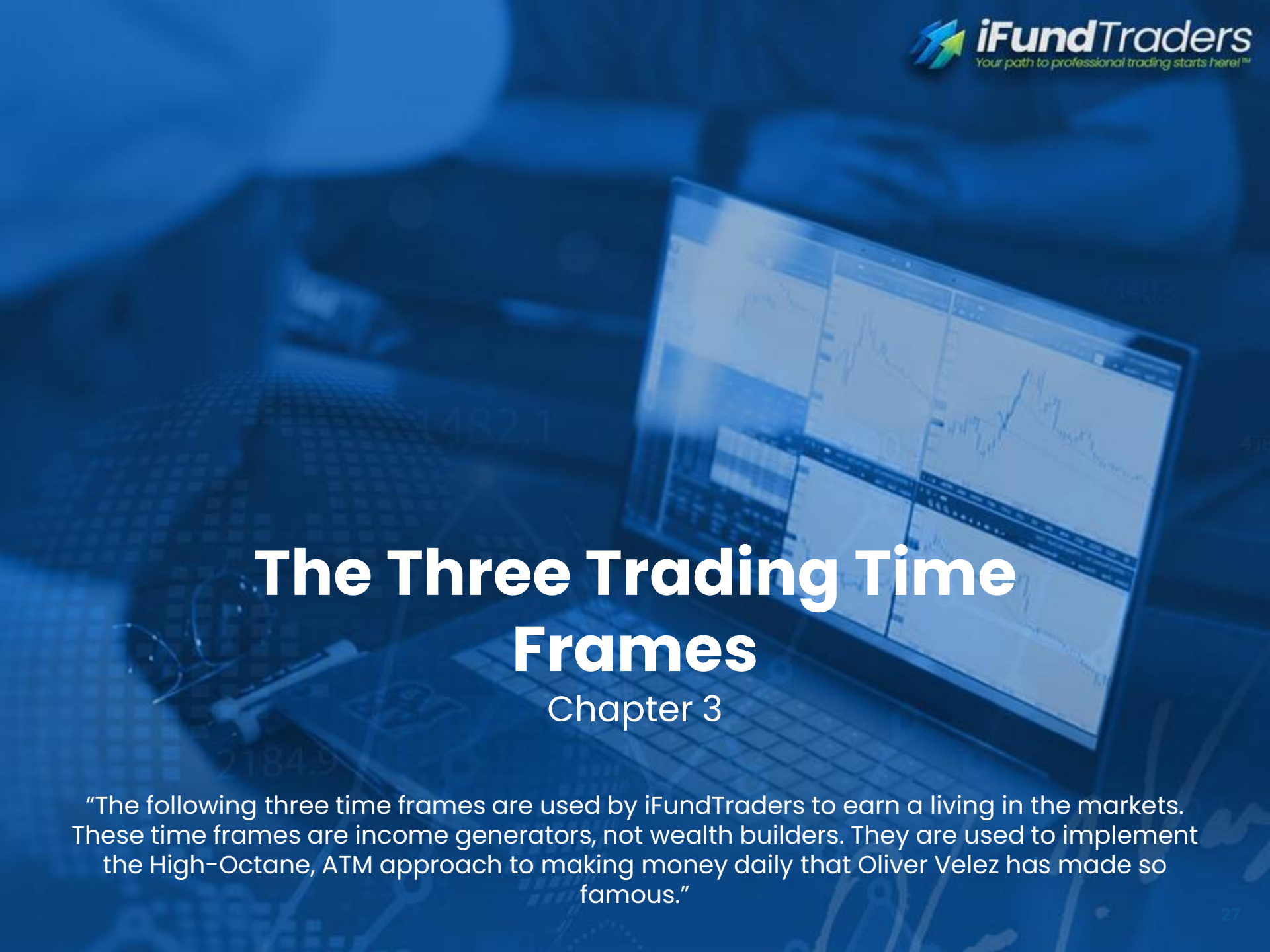


The first set of bars is won by the bulls in varying degrees, with the last bar being an actual loss. The most bullish is at the left, the least is at the right. The same goes for the bear wins. The most bearish starts at the left, the most questionable is at the far right.

The 3 Non-Color Candles

Tip: While technically no one wins, due to the open and close being even, the last group in control of the stock is considered the winner. Bar 1, is completely a draw, Bar 2 is won by the bears and Bar 3 is won by the bulls.

Bottoming tails (BTs) and Topping Tails (TTs) offer iFundTraders some incredible trading opportunities, which we will see shortly.



The Three Trading Time Frames

Chapter 3

"The following three time frames are used by iFundTraders to earn a living in the markets. These time frames are income generators, not wealth builders. They are used to implement the High-Octane, ATM approach to making money daily that Oliver Velez has made so famous."

Three Trading Time Frames

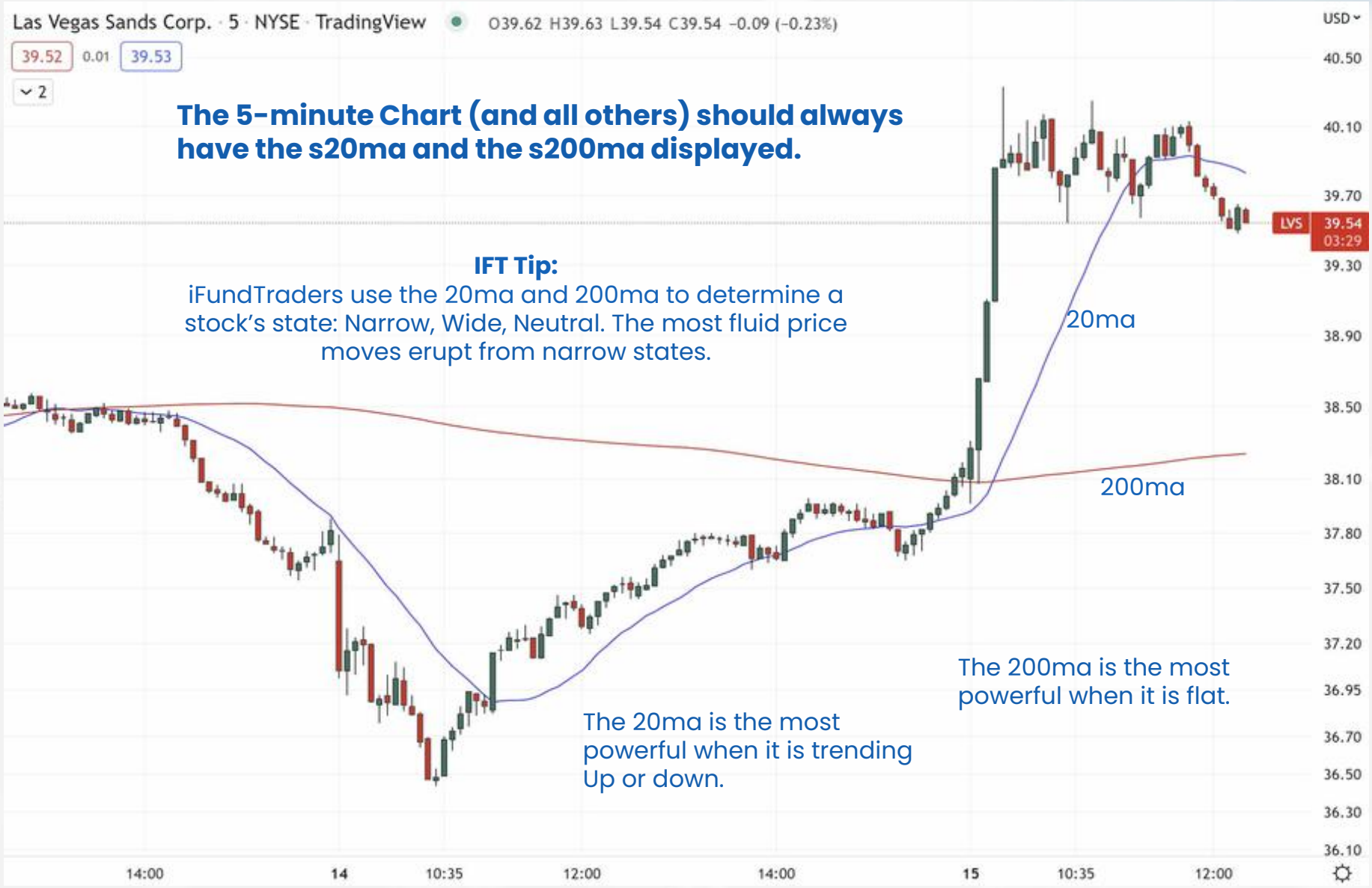
1. **5-minute Chart** • This time frame is the iFundTraders number one staple. **If there were only one time frame with which to make a living, it would be this one**. It perfectly sits between the 15-minute, which can be a bit too long, and the 2-minute, which can be a bit too noisy at times. The patterns we trade at iFundTraders appear frequently enough in the 5-minute window to keep us active, yet infrequently enough to prevent us from over trading. This is "the" one, "the" time frame to master.

2. **2-minute Chart** • This fast moving chart is a god-send when the market is not producing clear signals on the 5-minute or more action is desired. **It's also useful if and when the entry and/or exit points dictated by the 5-minute chart are too far away or unclear**. Dropping down to the 2-minute chart for a finer entry, exit or stop will usually provide the best alternative. We call this "dropping down to the 2-minute chart" taking an x-ray, or looking inside the stock.

3. **1-minute Chart • This super fast moving time frame becomes a major focus when the ultimate level of precision and accuracy is required.** It offers the ability to take an x-ray of the x-ray, which is often required when the bars on the 2-minute chart are too wide and a flat market develops as is often the case during the midday doldrums period. By dropping to the 1-minute, the iFundTraders can use flat periods to scalp extra income, while others are either sitting it out or getting knocked around in the bigger more unreliable time periods.

Note: The 8-period moving average (8ma), the 20-period moving average (20ma), and the 200-period moving average (200ma) are used on all three, the 5, 2 and 1-minute charts. Keep in mind that the 20ma and 21ma are interchangeable. It's a personal choice.

The 5-Minute Chart

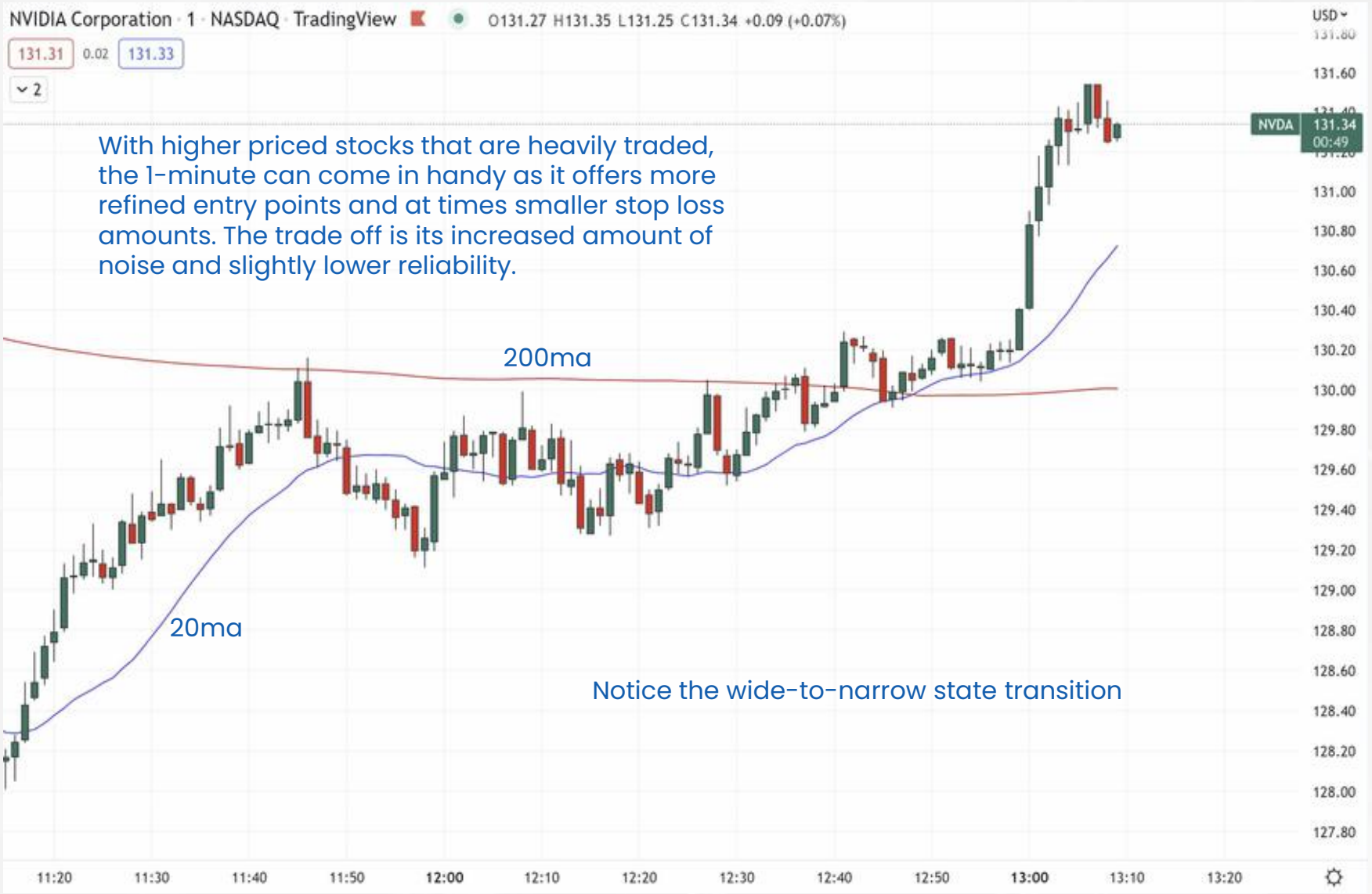


The 5-Minute Chart

The 2-Minute Chart

The 1-Minute Chart

The 1-Minute Chart



The Three Analytical Time Frames

Chapter 4

"The following three time frames help iFundTraders establish a bias for the market and the stocks they trade. Knowing how to determine what direction is more likely than the other over the next day, hour or 15 minute period is one of the true keys to accuracy as a trader"
– Oliver L. Velez

Three Analytical Time Frames

1. **Daily Chart** • This time frame is key to determining which stocks have upside biases and which have downside biases for the following day. Certain price patterns that form on the daily chart have a high probability of moving in a predetermined direction the following morning. This proves very valuable to iFundTraders and often leads to quick profits in the first 30-minutes of trading. Additionally, many stocks with well defined daily chart patterns will produce a multi-day directional bias that may now be focused on for several days.

2. **60-minute Chart** • This time is almost never used for trading, but like its smaller 15-minute brother, it is unrivaled when it comes to finding major "reflection points," areas of major significance which often lead to abrupt stoppages and sudden reversals during the day. The iFundTraders will use the 60-min chart simply to reference these points and to gauge the major trend of the underlying stock.

3. **15-minute Chart** • This time frame will be used primarily for trend analysis and support and resistance reference points. While iFundTraders will trade on it from time to time, its use as a gauge of the stock's power and its overbought-ness or oversold-ness is unrivaled. With that being said, trades on the 15-minute chart do tend to be the cleanest and the truest. In a sense, for the professional trader earning a living via the markets, this time frame would be considered the "core" one, for longer term trades throughout the day.

Note: The 8, 20 and 200 MAs are typically used for the daily, 60- and 15-minute charts.

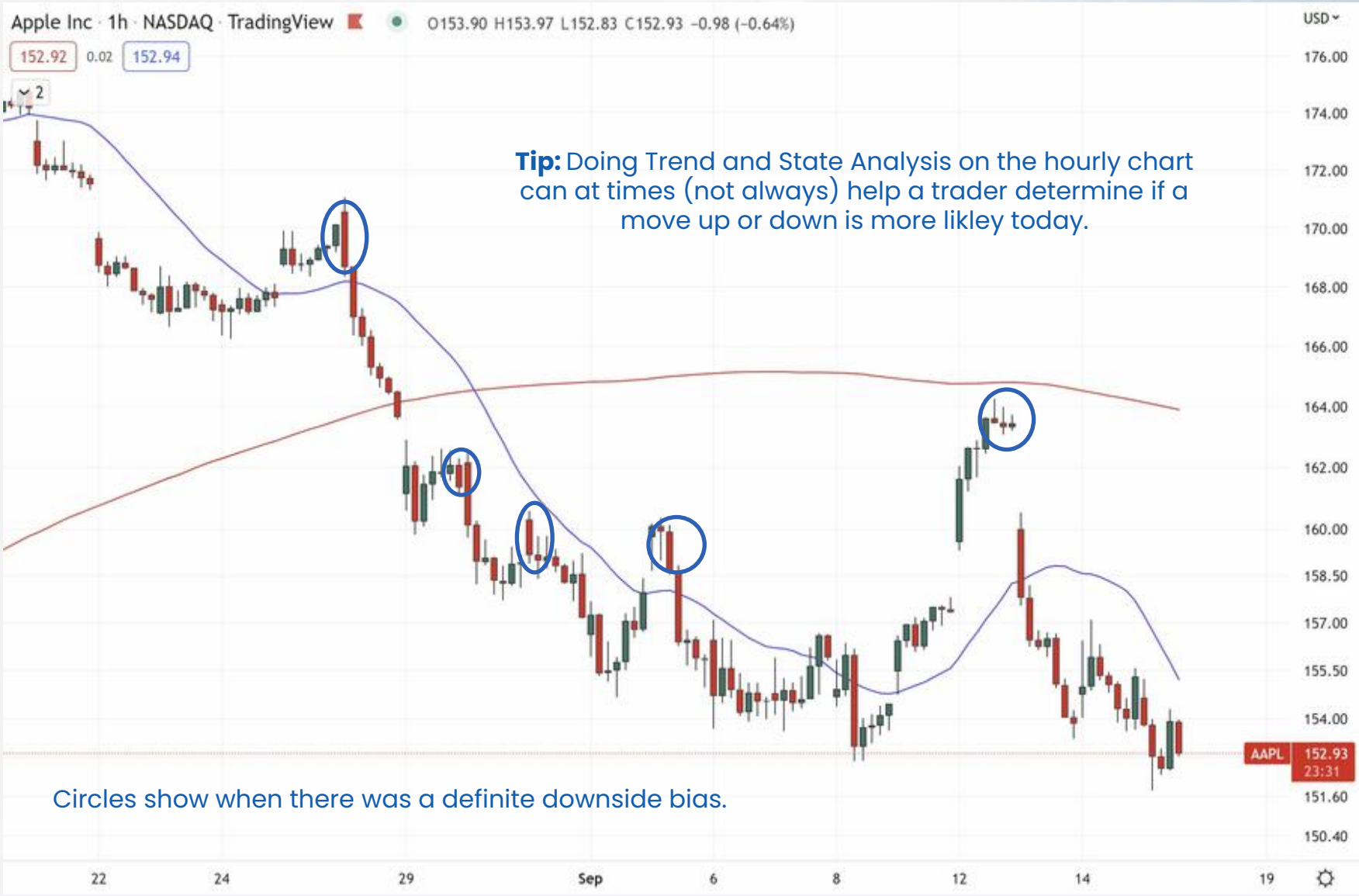
The Daily Chart

IFT Tip:

Each day, traders can scan their list of stocks pre or post market using the daily chart to determine overbought/oversold conditions. This can help the trader determine if a stock has a better chance to deliver upside or downside movement.

The circles show when the stock would have a definite downside bias. Using bigger time frames (daily, 60-min and 15-min) to determine the stock's "bias" gives you the necessary skill and confidence to take the signals on the smaller time frames when they are in sync with that bias.

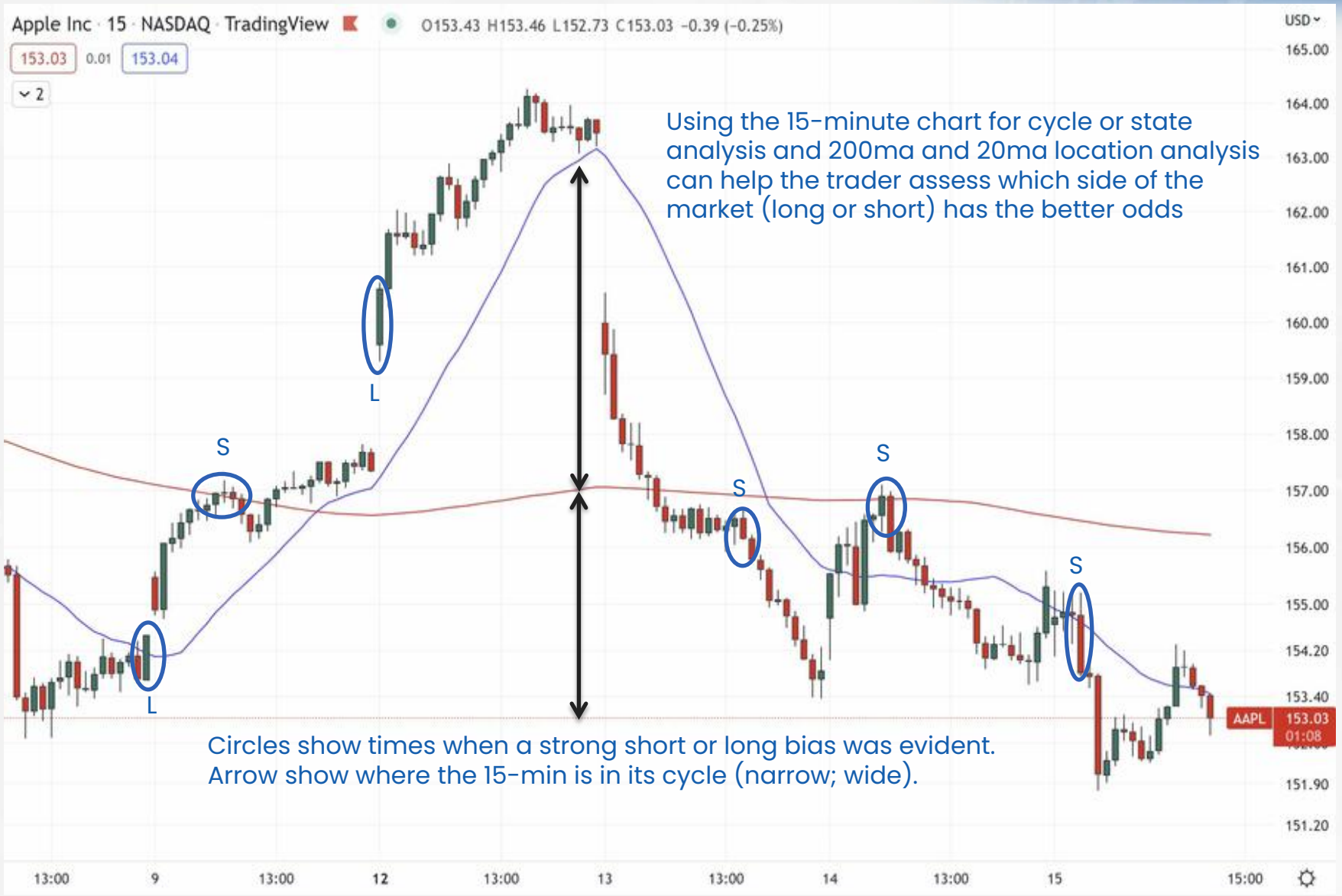
The 60-Minute Chart



Tip: Doing Trend and State Analysis on the hourly chart can at times (not always) help a trader determine if a move up or down is more likley today.

Circles show when there was a definite downside bias.

The 15-Minute Chart



The Three Trading Moving Averages

Chapter 5

"There are three moving averages iFundTraders monitor at all times. The moving averages form the basis for many of our biggest money making strategies." - Oliver L. Velez

Three Major Moving Averages

1. **8-period Moving Average (8MA)** • This simple moving average is superior at capturing and supporting the market's most powerful moves. If a stock is moving with a fury (up or down), it is this moving average that the stock will often react off of. We also use this moving average as the basis for one of our most effective trailing stop methods, which we will discuss shortly. iFund Traders have the 8ma on every chart they look at.

2. **20-period Moving Average (20MA)** • This simple moving average is the number one staple for iFund Traders. No chart is ever looked at without the aid of the 20ma. In fact, I don't regard a chart as being valid unless it is accompanied by the 20ma. It reveals a stock's directional bias, acts like a magnet and tells the trader where significant areas of support and resistance are. Keep in mind that the purest would use a 21-period MA. We round to 20, knowing that moving averages are simply areas, not specific prices.

3. **200-period Moving Average (200MA)** • This simple but major moving average is the granddaddy of them all. It's almost magical how often stocks and the overall market obey this slow moving line. Many of iFundTraders' most successful trades originate off the 200ma. It is always in view and is given the utmost respect.

The Powerful 8MA & 20MA

8 & 20 Period Simple Moving Average • The 8ma & 20ma (or the 21ma) are so important to iFund Traders that no chart is ever studied or viewed without them. Their power and reliability are unrivaled, thus **NO** chart is a chart unless it is accompanied by these all-important technical indicators. We use them on every time frame or chart we look at. Tip: The iFundTraders Trader can literally earn his entire living in the market with the 8ma & 20ma. Here are the most important things to know about the 8ma & 20ma and their proper use:

a. **Trade with the 8ma & 20ma, not against them** • Most of your trades should be in sync with the 20ma. If the 8 & 20ma are rising in a smooth fashion, your focus should almost always be long. Conversely, if the 8 & 20ma are declining in a smooth fashion, your focus should almost always be to short. If the 20ma is flat (f20ma), your focus can be to liquidity trade with the "bid and offer" approach (buy below the 20ma; sell above the 20ma).

b. **Use 8ma & 20ma as support & Resistance** • If and when the 8 and/or 20ma are rising , it will serve as strong support. If the 8 and/or 20ma are declining, it will serve as strong overhead resistance. Look for buys at or near a r8ma or r20ma. Look for sells/shorts at or near a 8ma or 20ma.

c. **Use 20ma as a median line** • When a stock is consolidating in a sideways pattern, the 20ma will be flat and usually positioned right in the middle of the sideways trend. If and when this is the case, bidding for stock in a range below the 20ma and offering/shorting stock in a range above the 20ma is the game to play. Always be watchful of which side the 20ma eventually halts the stock on.

d. **Use 20ma as a magnet** • Stocks cannot remain extended too far above or below the 20ma for long. If and when stocks get too far away, a violent snap back to the 20ma is eminent. This is when the iFundTrader can intelligently look to take advantage of a counter trend move. There will be more on this "rule-breaking" concept later on in the course.

The 8ma Power Trend

The 20ma Is Not Relevant Here

The 20ma Zone

It is important to note that all moving averages are not skinny lines, as the chart would have you believe. They are in fact more like ribbons, bands or price zones.

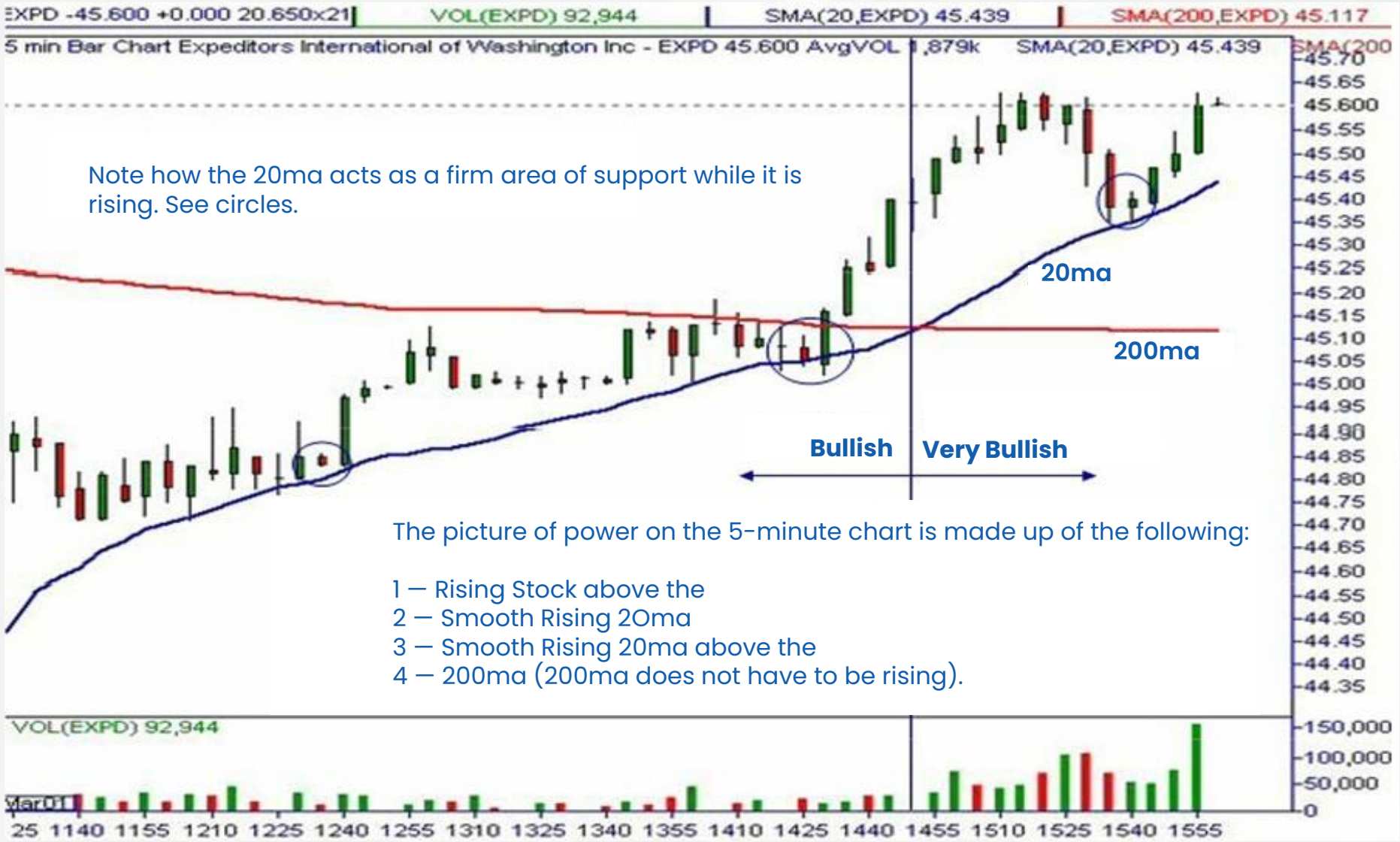
While this 20ma is not being touched during the steady power trend to the downside, the stock is reacting off of the 20ma "zone."

Bull Picture of Power

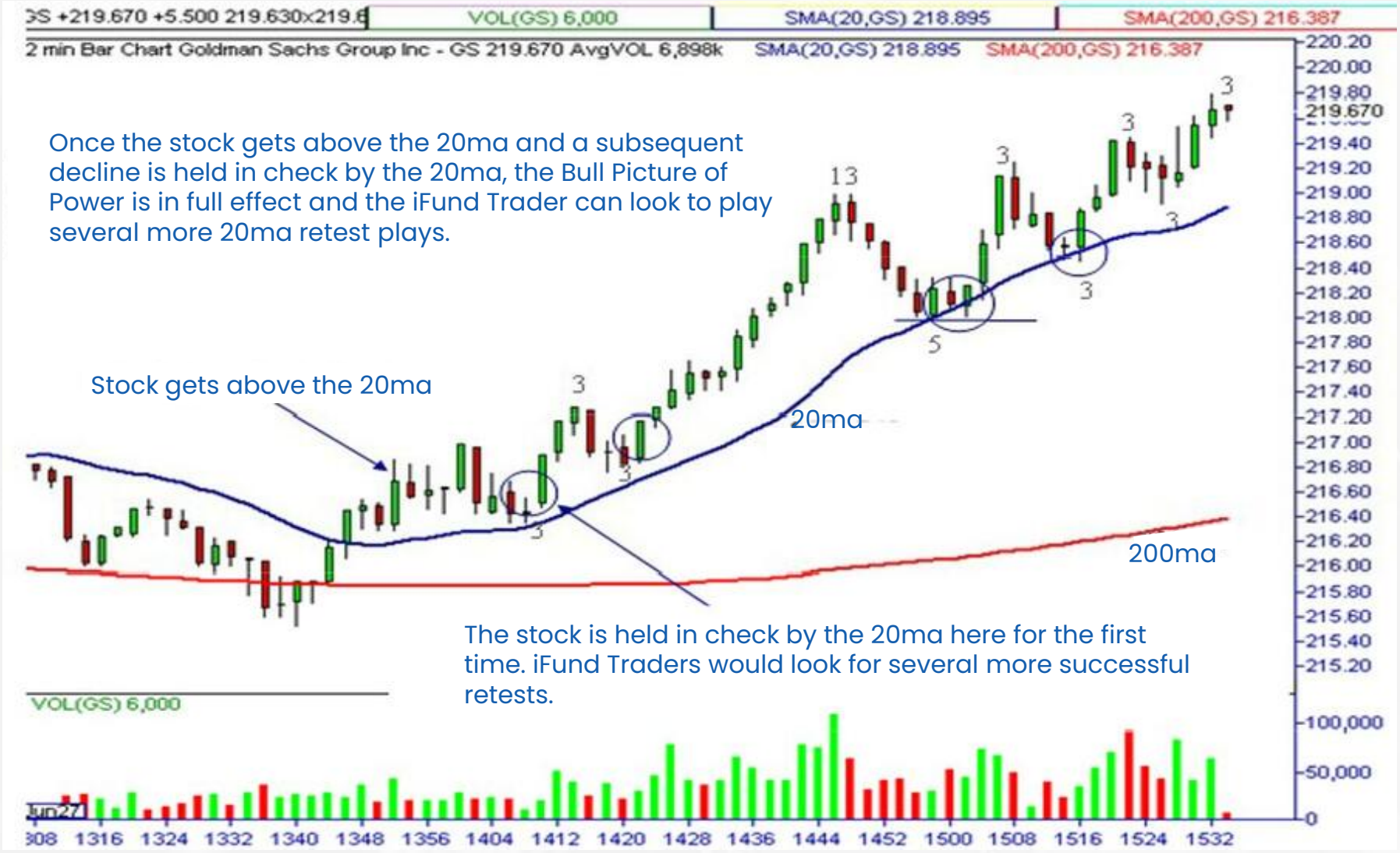
The 20MA Picture of Power

Tip: A rising 20ma, whether its below or above the 200ma, is a powerful floor of support.

The Picture of Power



The 20MA Halt



The 20MA Halt!

The 20MA Halt!

20ma Halt!

Alibaba Group Holdings Ltd. · 2 · NYSE · TradingView
O86.37 H86.41 L86.37 C86.40 +0.02 (+0.02%)
86.40
0.02
86.42
2
USD
1. Stock breaks 20ma hard
2. 20ma Halts stock's bounce
3. Stock falls to narrow the state
1
2
3
20ma
200ma
91.20
91.00
90.80
90.60
90.40
90.20
90.00
89.80
89.73
89.60
89.40
89.20
89.00
88.80
88.60
88.40
88.20
88.04
15:00
15:30
15
10:00
10:30
11:00
11:30
12:00
12:30

The Mighty 200 MA

200 Period Simple Moving Average (200ma) • The 200ma is so universally watched, in all time frames, that for all practical purposes, it has become a self-fulfilling prophesy. So rarely do stocks fail to obey (get halted by) the 200ma that we've given it the highest nick- name of all, Goliath. It's power, force, and reliability are so great, that it truly is goliath- like. We use the 200ma on all time frames (1-, 2-, 5-, 15-, 60-min and Daily charts). Here are a few things that you must keep in mind regarding this mighty moving average:

a. **Flatness is king:** • While the 20ma is most powerful when it is rising and declining (trending), the 200ma is most powerful when it is flat (trend-less).

b. **Use as support** • Whenever a stock declines to a flat 200ma, it will almost always experience some form of rebound, particularly if the 20ma is far away.

c. **Use as resistance** • Whenever a stock rallies to a flat, overhead 200ma, it will almost always experience some form of retracement back down, particularly if the 20ma is far away.

d. **Use as a magnet** • a). If a stock gets too far above or below its 20ma, and b) its 20ma gets too far above or below the 200ma, then c) a major reversal is usually very close at hand. This is when the iFundTraders Trader can look to take advantage of a counter trend move. In other words, it's this scenario that allows for intelligently going against the prevailing trend. There will be more on this "rule-breaking" concept later.

Trading Tip: iFundTraders know that flat 200ma plays call for bigger positions

200ma Halt!

Note: The 200ma is always powerful, but it is the most powerful when it is flat

200ma & 20ma Halt

200ma Surge

iFT Trading Tip: A big bar surge that originates at or near the 200ma is amongst the most reliable trading opportunities in existence.

200ma Power

MicroStrategy Incorporated · 5 · NASDAQ · TradingView
O208.27 H208.88 L207.30 C207.30 −1.34 (−0.64%)
207.19
0.90
208.09
USD
238.00
236.00
234.00
232.00
230.00
228.00
226.00
224.00
222.00
220.00
218.00
216.00
214.00
212.00
210.00
208.00
204.40
MSTR
207.30
03:25
200ma
20ma
14:00
15:00
15
11:00
12:00
13:00
14:00
15:00
16
11:00
12:00

The Mighty 200 MA

The flat 200ma serves as strong support, especially given how far away the 20ma is.

Tip: The further apart the 20ma and 200ma, the stronger the 200ma. Also, note the 3, 5 and 8 bar cycle once the stock begins to "get that swing.

200MA Resistance

iFT Trading Tip: The 200ma is the most powerful when it is flat and far from the 20ma.

200MA Resistance

The Mighty 200ma

Here the 200ma is serving as formidable resistance. Note however, that it's not until a surge in the form of a Clearing Elephant bar that originates at or near the 200ma that a real drop occurred.

Full Cycle

Pfizer, Inc. · 2 · NYSE · TradingView
O46.10 H46.11 L46.03 C46.03 −0.06 (−0.13%)
45.01
1.19
46.20
2
USD
20ma
200ma
PFE
46.03
45.87
46.60
46.50
46.40
46.30
46.20
46.10
46.00
45.94
45.82
45.76
45.70
45.64
45.58
15:00
15:30
16
10:00
10:30
11:00
11:30
12:00
12:30

Full Cycle

Carnival Corporation · 5 · NYSE · TradingView
O10.69 H10.72 L10.67 C10.71 +0.02 (+0.23%)
10.71
0.01
10.72
2
USD
11.25
11.20
11.15
11.10
11.05
11.00
10.95
10.90
10.85
10.80
10.75
CCL
10.71
02:55
10.64
10.58
10.52
10.46
10.41
10.36
10.31
20ma
200ma
13:00
14:00
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15
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16
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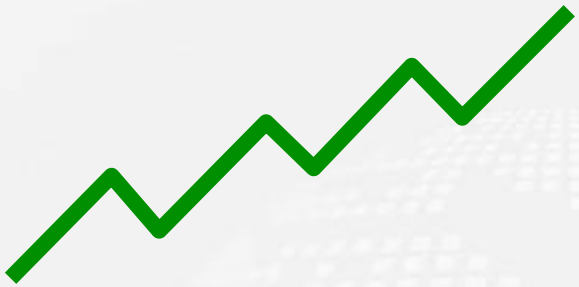
The Market's Three Trends

Chapter 6

“You can beat a horse race, but you can’t beat the races.” - Unknown

The Market's Three Trends



1) The Up Trend
The up trend, by far the most popular of all, is usually defined by a series of higher highs and higher lows. Our definition is a bit more involved. In addition to higher highs and lows, we want an up trend to posses a smooth rising 20ma above a 200ma.
TIP: In Up Trends, iFund Traders buy dips toward the 20ma, buy breakouts away from the 20ma and short climactic runs too far from the 20ma.

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2) The Down Trend
The down trend, by far the most feared of all, is usually defined by a series of lower highs and lower lows. Our definition is a bit more involved. In addition to lower highs and lows, we want a down trend to posses a smooth declining 20ma below a 200ma.
TIP: In Down Trends, iFund Traders short rallies toward the 20ma, short breakouts away from the 20ma and buy climactic declines too far from the 20ma.

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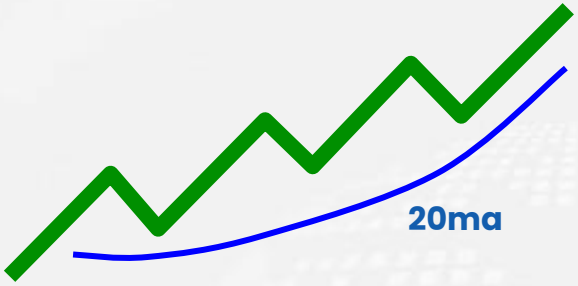
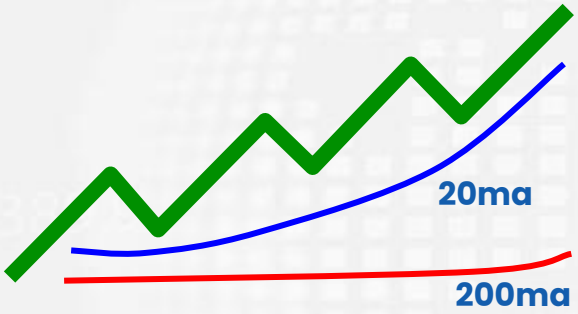
3) The Sideways Trend
The sideways trend, by far the most frustrating, is usually defined by a series of relatively equal highs and lows. This stage can be wide, usually when it forms after an advance, or it can tight and narrow, usually when it is just a pause or after a sharp decline.
TIP: In Sideways Trends, iFund Traders buy/bid dips and short/offer rallies.

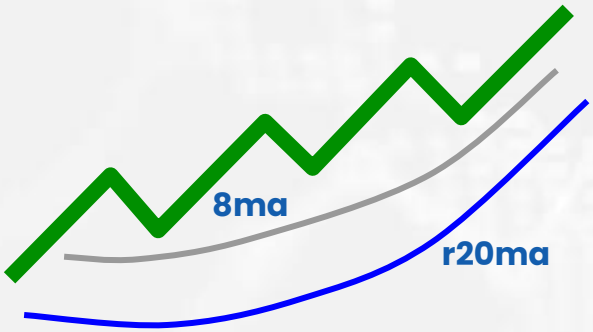
The Market's Three Up Trends



1) The Regular Up Trend
This uptrend, defined as a rising stock above a smooth rising 20ma, is a iFund Traders bread and butter trend. This trend will be played more than an other.
TIP: In Regular up trends, iFund Traders buy dips toward the 20ma, buy breakouts away from the 20ma and short climactic runs too far from the 20ma.

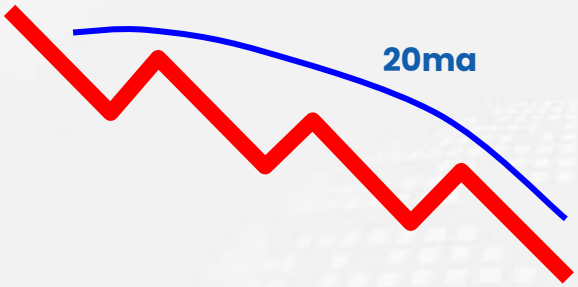


2) The Power Uptrend
This uptrend, defined as a rising stock above a rising 20ma which is also above the 200ma, is a step above the regular uptrend. An overhead 200ma represents clouds in the sky, somewhat. When the 200ma is below all the action, it's typically clearer sailing for the stock.
TIP: In Power up trends, dips are no concern and can be used to accumulate larger positions.

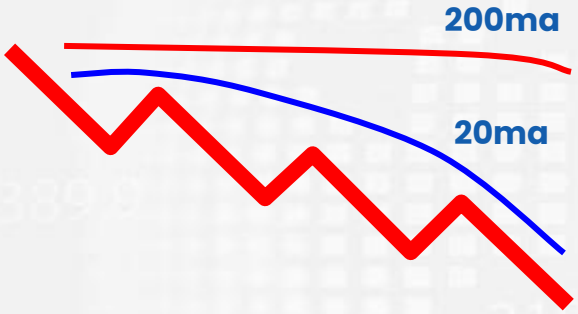


3) The Super Uptrend
The uptrend, defined as a rising stock above a rising 8ma, which is also above a rising 20ma, is the most powerful one in existence. It's emergence signifies pure unadulterated buying power that one can trust absolutely. It does not get better than this!
TIP: In Super up trends, buying anywhere and anytime during the trend works amazing well.

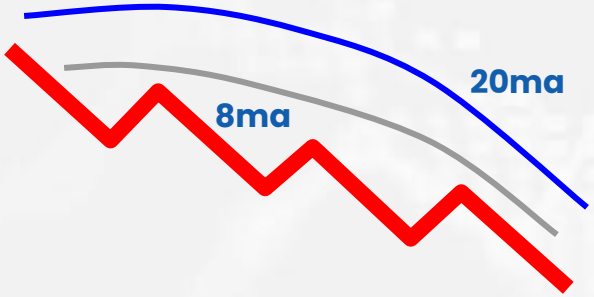
The Market's Three Down Trends



1) The Regular Down Trend
This downtrend, defined as a declining stock below a smooth declining 20ma, is a iFund Traders bread and butter short trend. This trend will be played on the short side more than an other.
TIP: In Regular downtrends, iFund Traders short rallies toward the 20ma, short breakdowns away from the 20ma and buy climactic runs too far below the 20ma.



2) The Power Downtrend
This downtrend, defined as a declining stock below a declining 20ma which is also below the 200ma, is a step above the regular downtrend. A 200ma below the stock represents a floor of support. When the 200ma is above all the action, the stock is typically freer to fall.
TIP: In Power downtrends, rallies are no concern and can be used to build larger short positions.



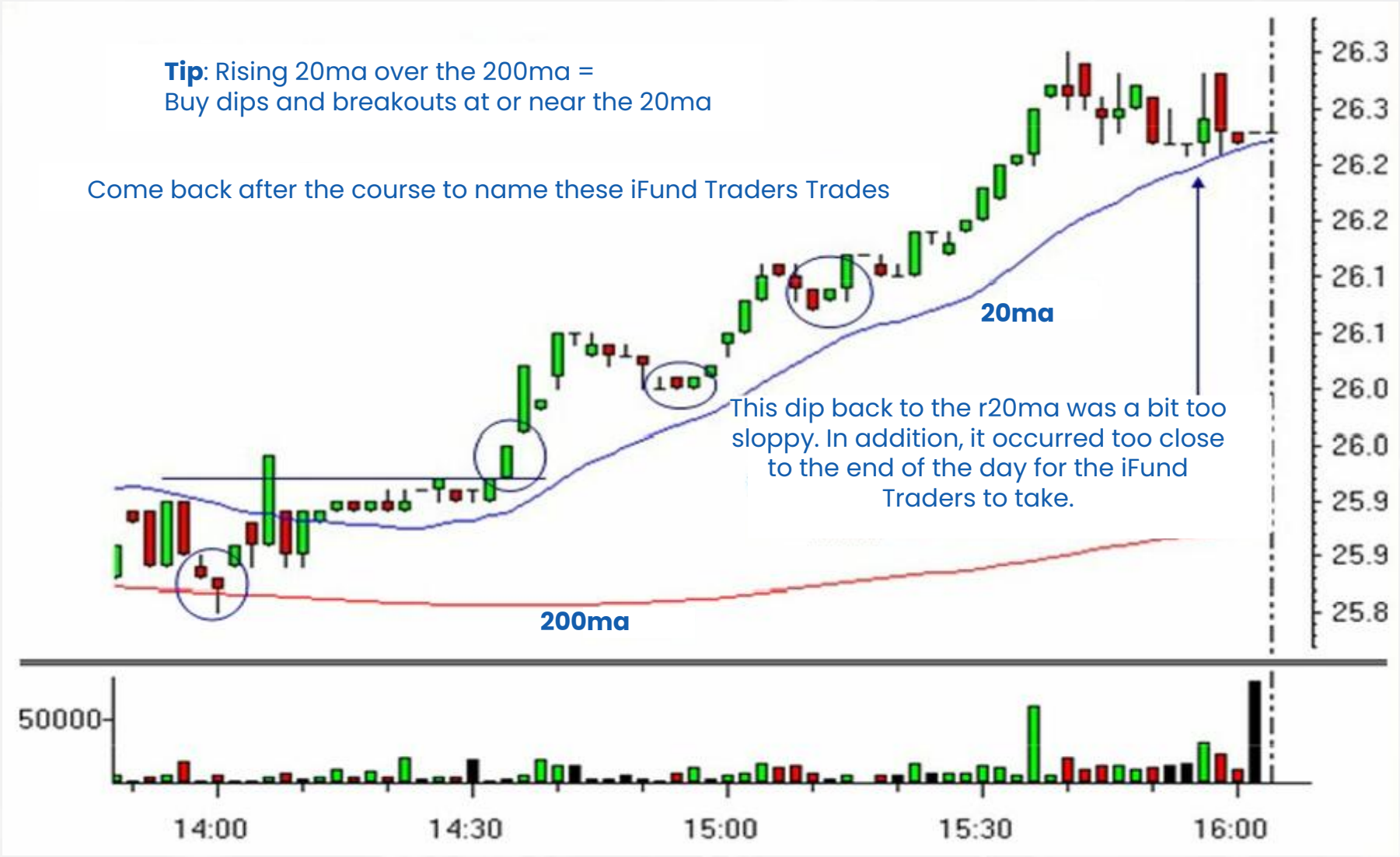
3) The Super Downtrend
The downtrend, defined as a declining stock below a declining 8ma, which is also below a declining 20ma, is the most powerful one in existence. It's emergence signifies pure unadulterated selling power that one can trust absolutely. It does not get better than this for bears!
TIP: In Super downtrends, shorting anywhere and anytime during the trend works amazing well.

iFund Traders Super Uptrend

iFund Traders Super Downtrend

IFT Tip:
A declining stock below a declining 8ma and 20ma represents one of the most potent downtrend's in existence. Rarely should it be fought. Rather, the iFund Trader looks for any excuse to fall in or enter the trend.

2-Minute Up Trend



2-minute Up Trend

2-Minute Downtrend

We've seen this chart several times, already, but it communicates so much that it taught by iFundTraders, you'll see it several more times.

Come back sometime after the course to name these iFund Traders Set-ups (events).

2-minute Down Trend

2-minute Sideways Trend

In true sideways trends, the 20ma is flat and wavy and the price action frequently crisscrosses the the 20ma as if its not present.

iFT Trading Tip: It is not until the 20ma is obeyed that the breakout of the sideways trend begins. See arrows.

Market Laws

Chapter 7

"Over the course of my many years of trading, I've come to realize some universal truths that exist in all markets. I call them my market laws." – Oliver L. Velez

Velez Market Law # 1

Chapter 7.1

"I'm not sure if Sir Isaac Newton every played the market, but many of his discoveries and realizations lend themselves to proper market play." – Oliver L. Velez

Velez Market Law #1

The Law of Momentum

During **MOVING** market environments, stocks and other tradable items tend to follow through or continue the most recently completed color-coded bar, 80% of the time, as long as most of the color has been maintained.

Sir Isaac Newton: "An object in motion tends to stay in motion."

Different ways to communicate the law:

1) After a solid Green Bar, expect another one to follow 80%;
2) After a solid Red Bar, expect another one to follow 80%
3) The bigger the green or red bar, the higher the odds of follow through, meaning you'll see continuance closer to 90% of the time.
4) A small amount of green or red does not give the iFundTraders enough to go on. More information is needed in that case.

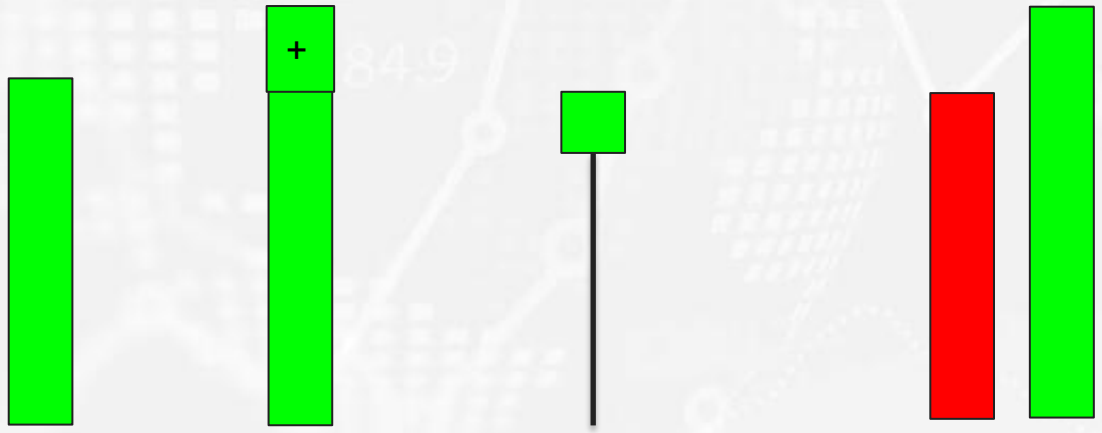
Velez Market Law #1

The Law of Momentum

Different ways to communicate the law:

1) After a solid power Green Bar, expect another one to follow 80%;
2) After a solid power Red Bar, expect another one to follow 80%
3) The bigger the green or red bar, the higher the odds of follow through, meaning you'll see continuance closer to 90% of the time.
4) A small amount of green or red does not give the iFundTraders enough to go on. More information is needed in that case.

Note: These bars are often refered to as: Elephant Bars, Power Bars, Surge Bars, Violent bars.



Velez Market Law #1

The Law of Momentum

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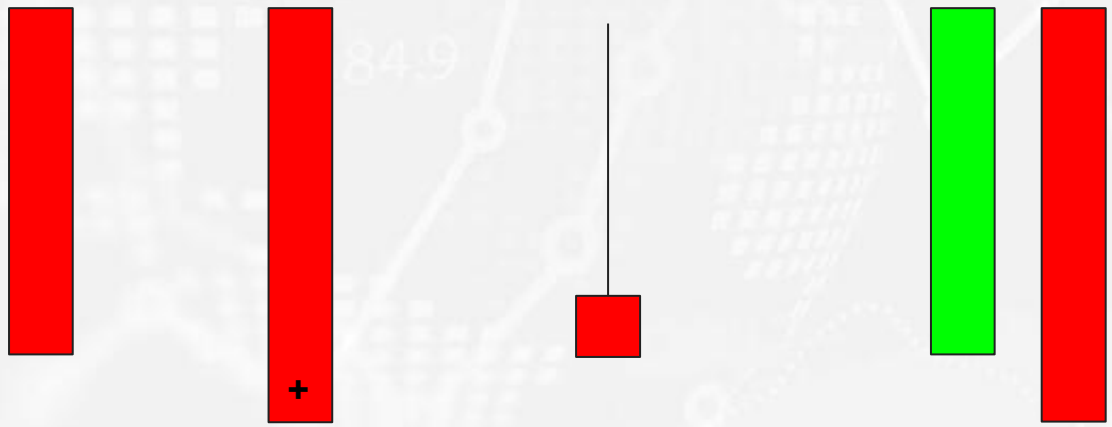


Velez Market Law # 2

Chapter 7.2

"The number 1 has never and never will be a popular number for the market. It always seems to require something more than one, or once, or one time. In other words, the market likes confirmation. 'One time' never cuts it." – Oliver L. Velez

Velez Market Law #2

The Law of "2"

The market never accomplishes anything with just one bar. It needs at least two bars to regard something as being real or significant.

Follow-through by a second bar is crucial, otherwise the one bar event, no matter how apparently significant, is not yet real.

Different ways to communicate the law:

1) A one bar breakout is only significant if followed through by a second up bar;

2) A one bar breakdown is only significant if it's followed through by a second down bar;

3) One bar events with no follow through tend to eventually produce strong moves in the opposite direction.

Note: A **Two Bar Stop Rule** is at times applied by traders who recogize and respect this law.

The Daily Chart

While iFund Traders don't trade off the daily, they use it each night to compile a short list of stocks that should have upside or downside biases for the next day or week.

Velez Market Law # 3

Chapter 7.3

iFundTraders Quote: “All markets have statistical limits. The trader who thoroughly understands when markets are statistically at or near the outer bounds of their norms will become a master, and possibly even rich!” - Oliver L. Velez

Velez Market Law #3

The 3, 5, 8 Bar Max

During NORMAL market environments, stocks and other tradable items cannot move in the same direction with the same consective collor more than 5 to 8 bars in a row; however, stocks tend to stay trapped in a 3 to 8 bar max cycle 80% of the time. 20% of the time, a stock's moves can top and bottom outside of this zone. But (3 to 5) and (5 to 8) bars represent the two most common pivot price ranges.

Different ways to communicate the law:

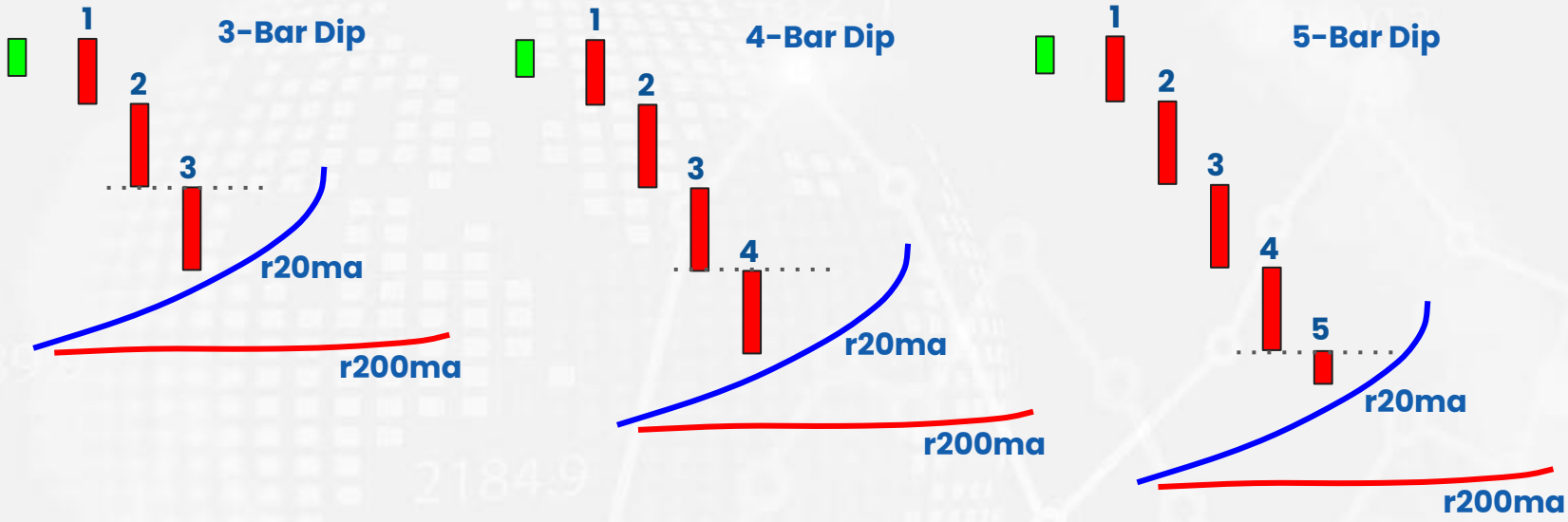
1) After a 3 to 5 bar run (up or down) the market/stock tends to pause or reverse, creating a nice trading opportunity. Every now and again, stocks can slip into the next 5 to 8 bar range.

2) Neither the bulls nor the bears can consistently win more than 5 battles (bars) in a row. After a sharp 3 to 5 bar rally, the bears usually quickly regain control. After a sharp 3 to 5 bar decline, the bulls usually quickly regain control. These moves can move to the 5 to 8 bar range at times.

3) Lastly, this law can be said this way: "After 3 to 5 green bars in a row, the iFundTrader should look to take advantage of an upcoming series of red bars. After 3 to 5 red bars in a row, the iFund Trader should look to take advantage of an upcoming series of green bars."

The 3 to 5 Bar Buy Rule

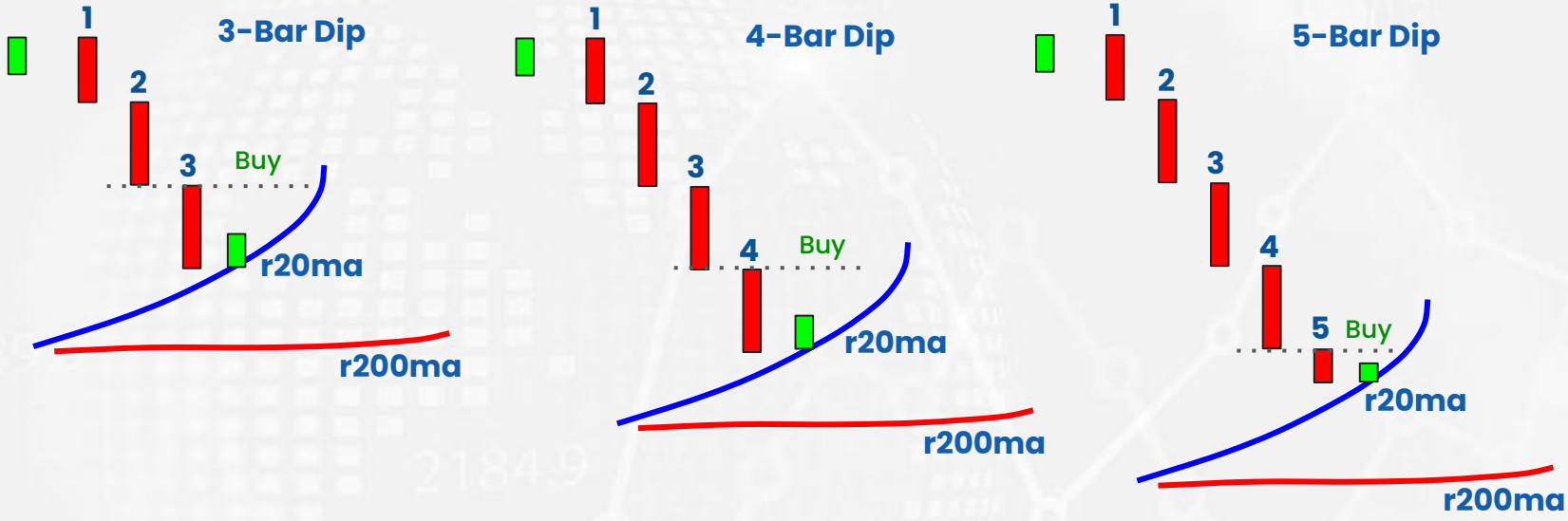
1) 3-5 Bar Decline
Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets Up nice trading opportunities.



TRADING NOTES
In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in upcoming chapters.

The 3 to 5 Bar Buy Rule

1) 3-5 Bar Decline
Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets Up nice trading opportunities.



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In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in upcoming chapter.

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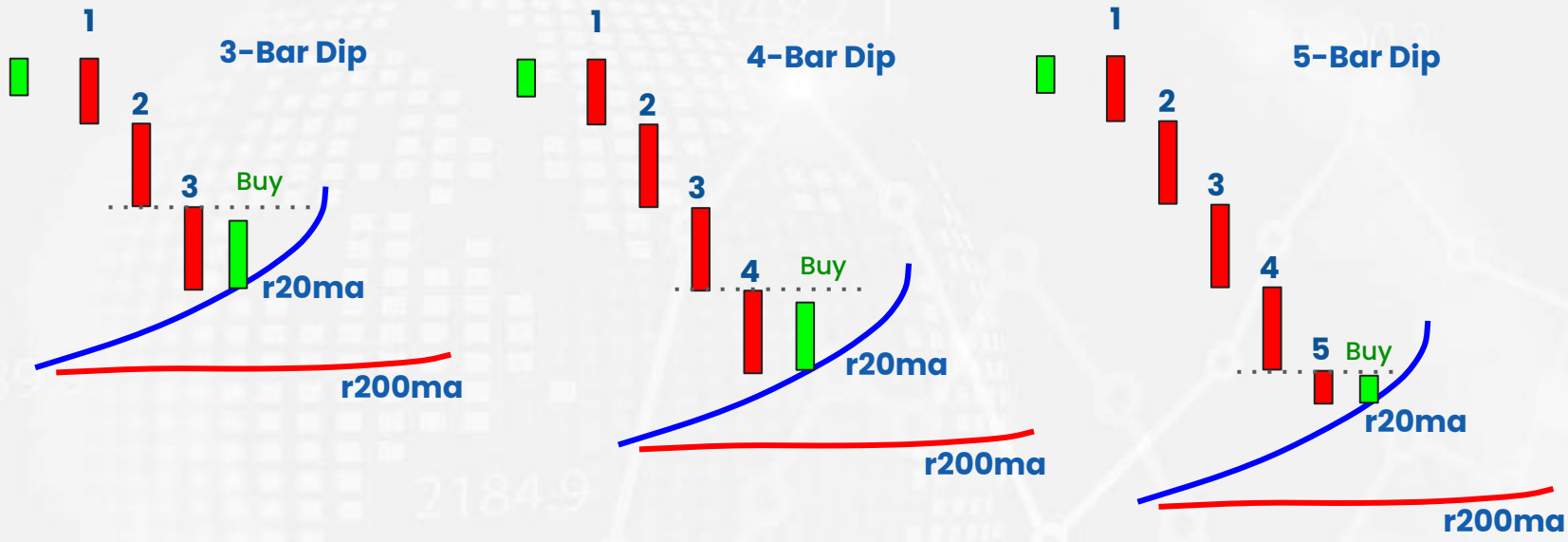

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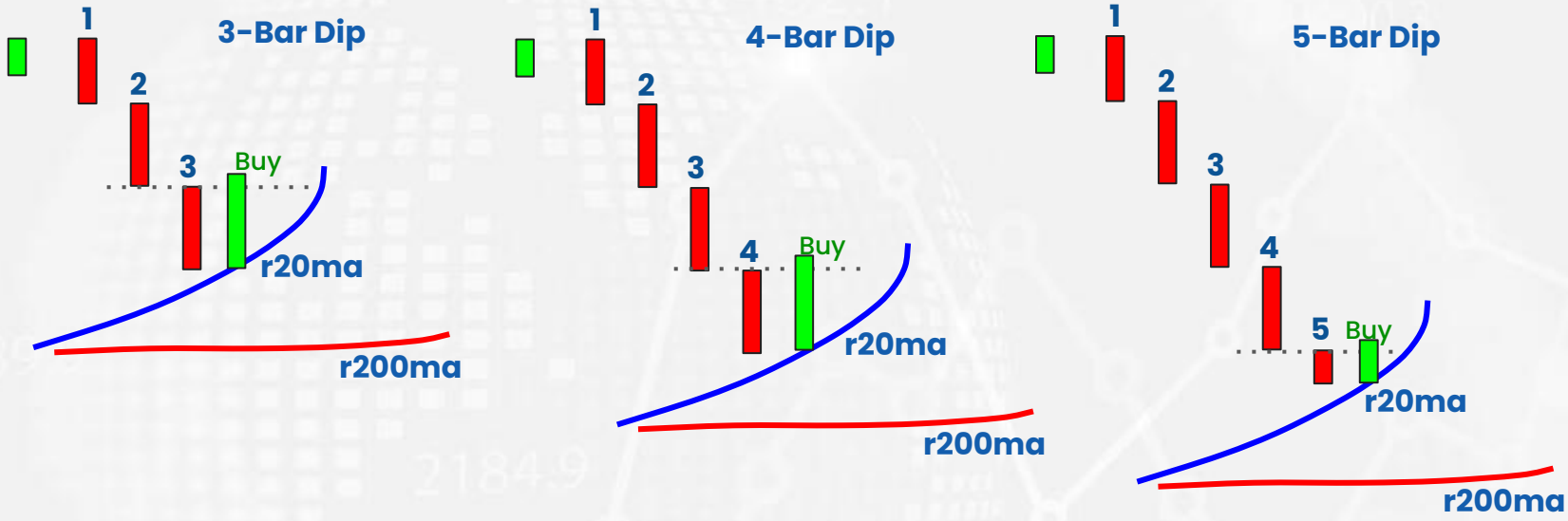

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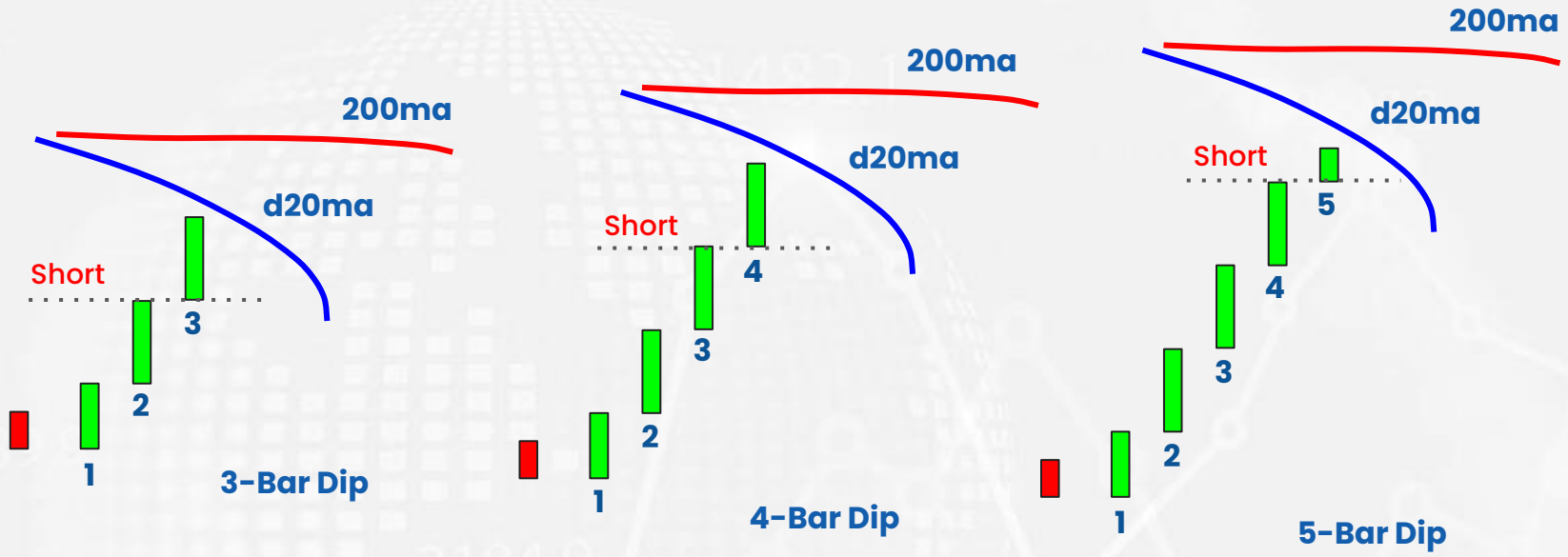
The 3 to 5 Bar Turn

To find stocks in play throughout the day, iFund Trader would first look for sectors experiencing the picture of strength, then delve into those sectors to find the top stocks with the same picture.

The 3 to 5 Bar Sell Rule

2) 3-5 Bar Rally

- Stocks in strong down trends, as well as clearly defined sideways trends tend to back off after a 3 to 5 bar advance. This tendency often sets up nice trading opportunities.



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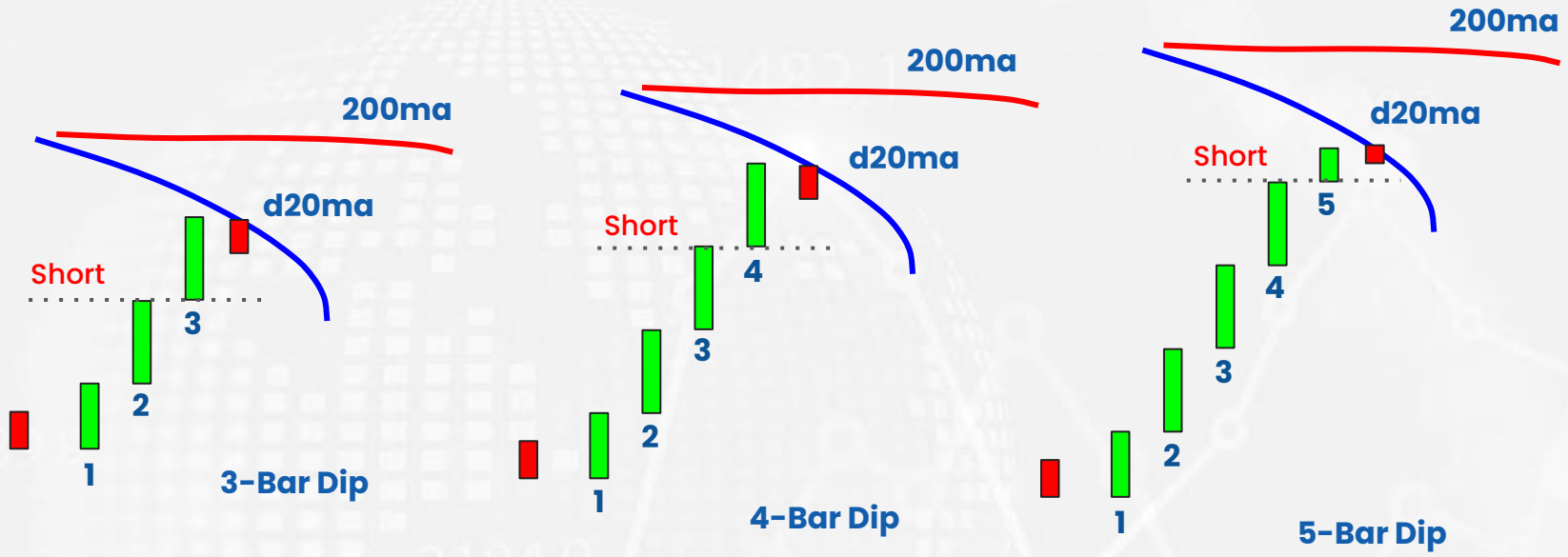

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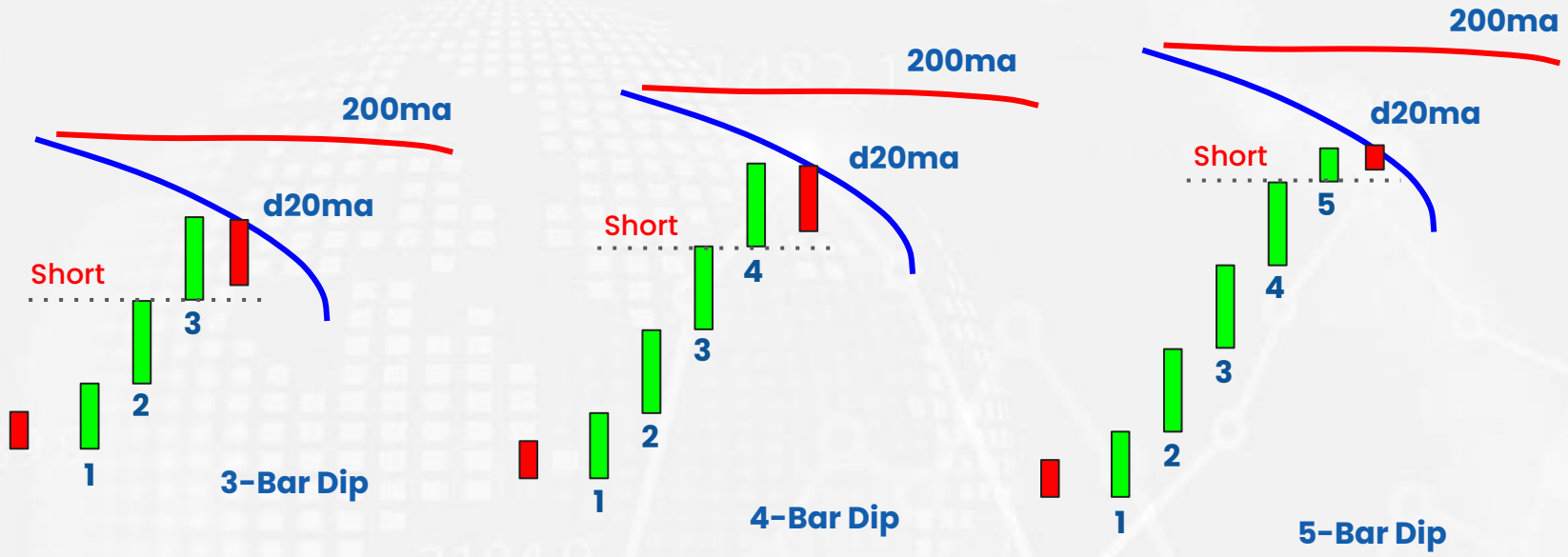

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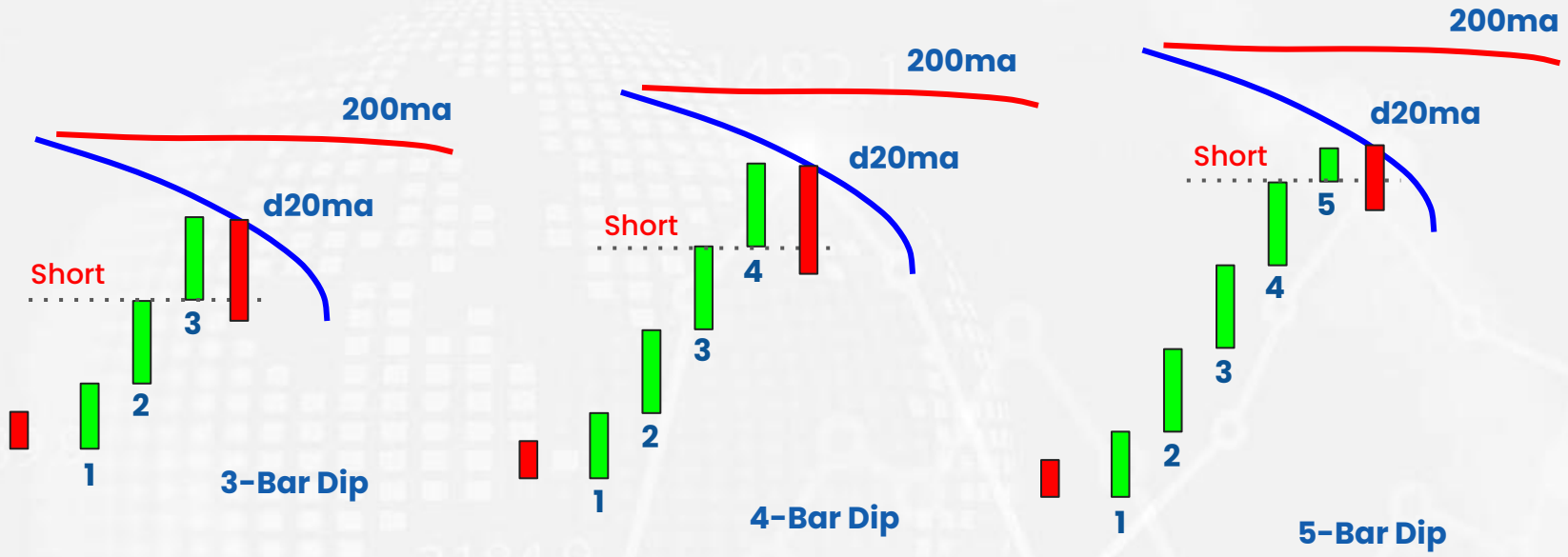

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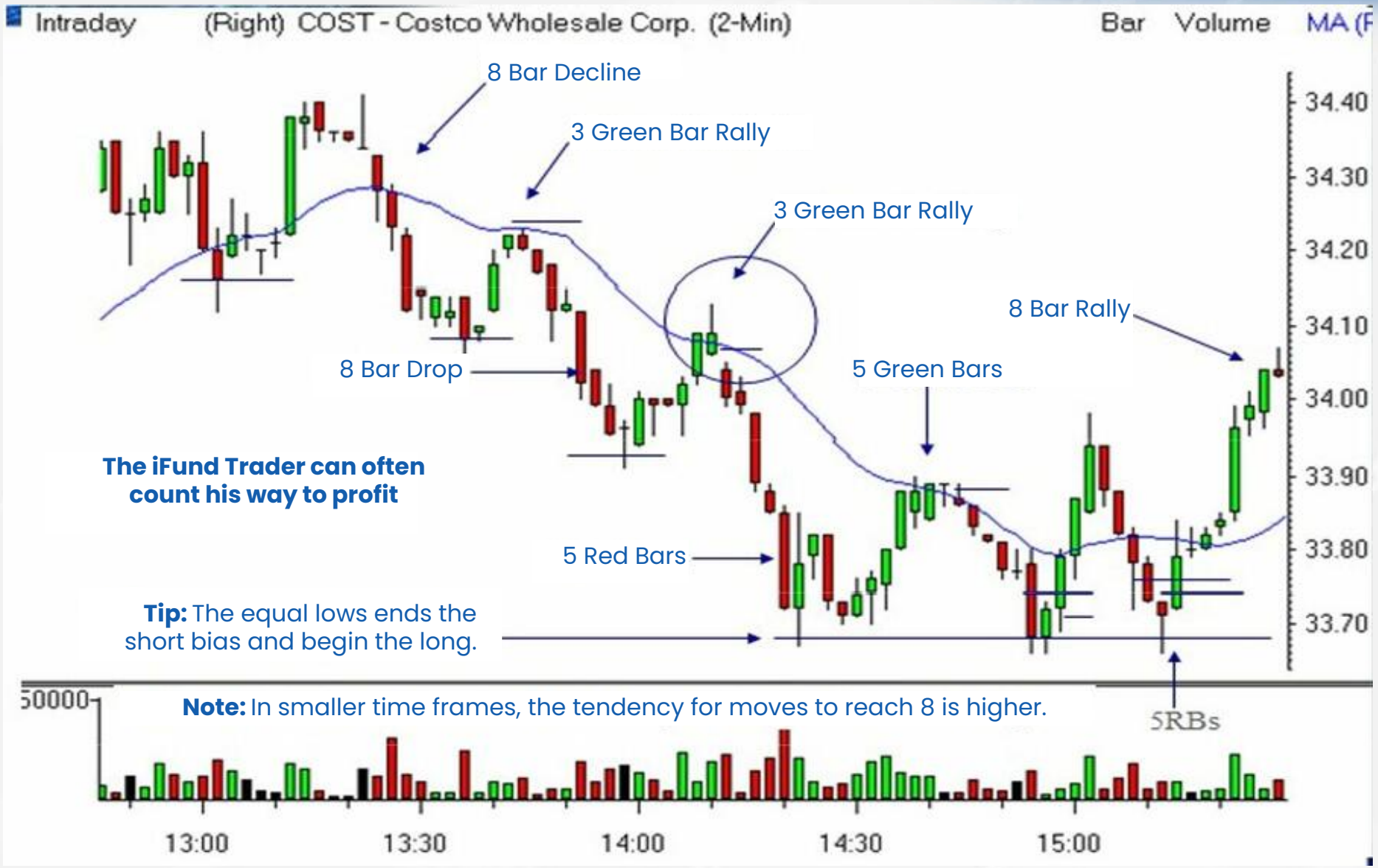
The 3 to 5 Bar Sell Rule



Velez Market Law # 4

Chapter 7.4

Quote: “Market failures tend to cause major problems for most ordinary traders, but they can serve as major money making opportunities for well trained iFundTraders! In other words, we are always prepared to profit from the market's failed attempt to do something highly expected.” - Oliver L. Velez

Velez Market Law #4

The Failed New Low/High Law

"If a stock fails to make a new low, after it has already made 3 or more lower lows, it will make a new high. Conversely, if a stock fails to make a new high, after it has already made a series of higher highs (3 or more), it will make a new low on the next move."

Different ways to communicate the law:

1) The first failed attempt to make a new low in a well established downtrend is the first sign that the balance of power has shifted from the sellers back to the buyers. The trend has likely changed and the first low in the new trend has been identified.

2) The first failed attempt to make a new high in a well established uptrend is the first sign that the balance of power has shifted from the buyers back to the sellers. The trend has likely changed and the first high in the new trend has been identified.

3) The first failed attempt to make a new high or low in a well established trend is the first sign that the back of the existing trend has been broken and the opposing side is ready to regain control.

Market Law 4: Failed New Low

Market Law 4

NVIDIA Corporation · 2 · NASDAQ · TradingView
O131.98 H132.11 L131.96 C131.99 +0.02 (+0.02%)
USD
132.45
0.04
132.49
Failed to make a significant new high
NVDA
131.99
131.11
Failed to make a significant new low
132.50
131.60
131.20
130.80
130.40
130.00
129.60
129.30
129.00
128.70
128.40
128.15
127.90
127.66
15:30
15
10:00
10:30
11:00
11:30
12:00
12:30
13:00

Velez Market Law # 5

Chapter 7.5

"If you think education is expensive, try ignorance." - Unknown

Velez Market Law #5

The markets biggest moves ignite from its smallest (tiniest) bars.

Different ways to communicate the law:

1) Explosive moves almost always originate from narrow range bars.

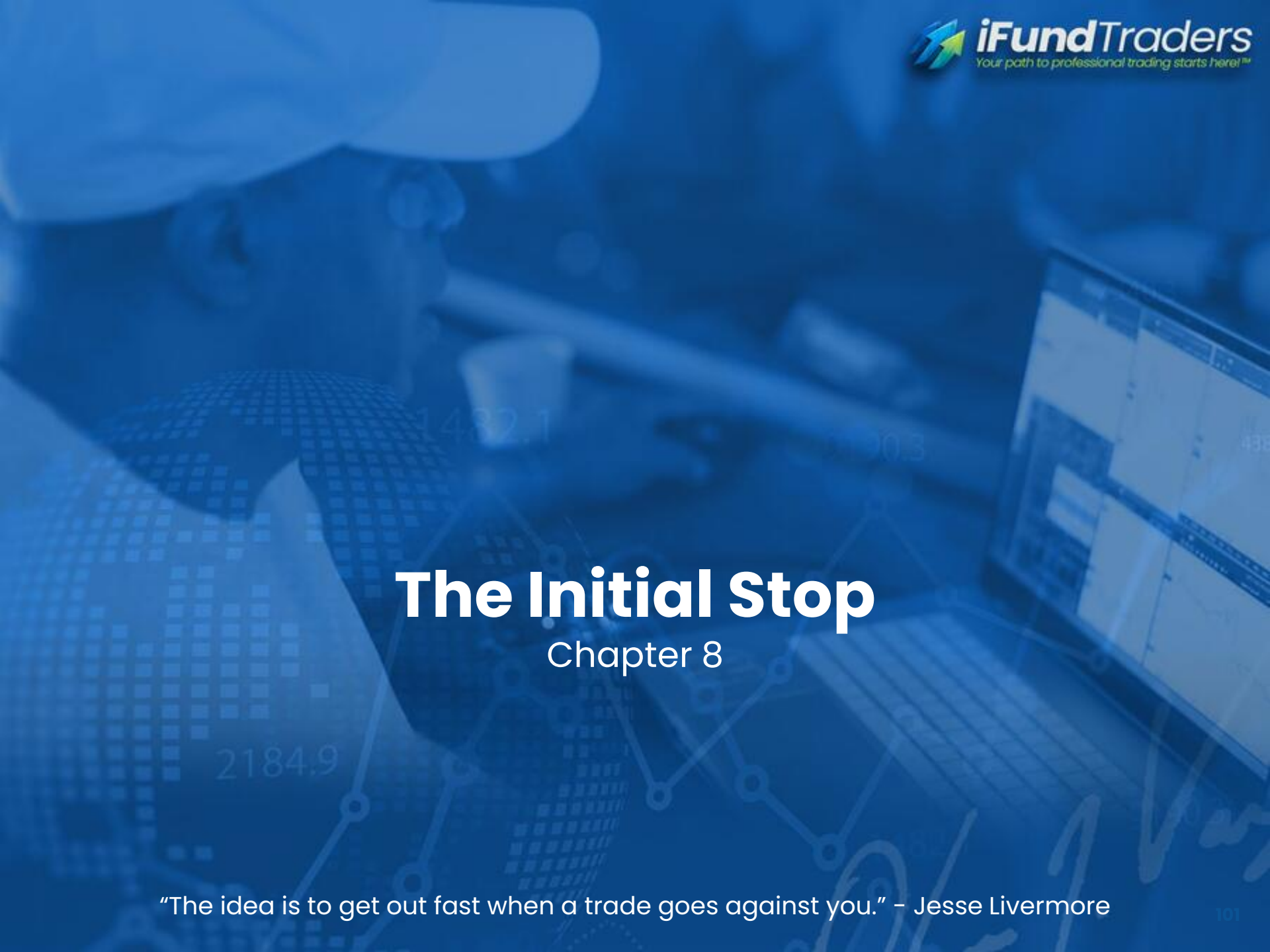
2) The market is a breathing mechanism. It inhales (contracts) and exhales (expands). When it inhales (contracts) deeply, a major exhale (expansion) will be the result. Narrow range bars (NRBs) are the sign of a deep inhale. A major exhale usually is the result.

3) A cluster of small bars signifies the calm before the storm, the sleep before the awakening.

4) The iFund Traders Trader will look to commit more to trades that involve NRBs. The combination of lower risk and bigger potential reward warrants it.

Note: I often refer to these little narrow range bars as acorns. Mighty oak trees grow from tiny acorns.

VSS @ 20ma w/ NRB (acorn)



The Initial Stop

Chapter 8

"The idea is to get out fast when a trade goes against you." - Jesse Livermore

Two Main Initial Stops

The Event Based Stop

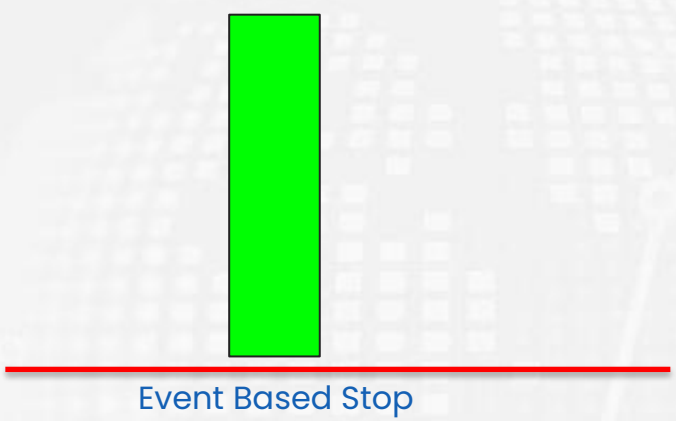
This is by far the main stop as it relates to all stops. It is used 70% of the time and should be the trader's "go to" or first choice. It is placed below (when long) or above (when short) a tradable bar or event.

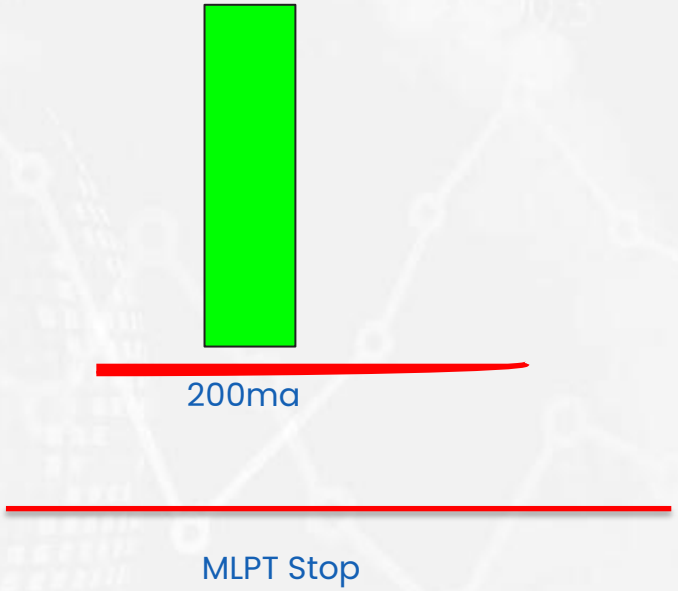
The Maximum Loss Per Trade Stop (MLPT)

This stop is the second most prevalent and is used about 25% of the time. It comes in handy when an event based stop would be in an inappropriate spot like at the 200ma or some other area that would not be wise to exit.

***NOTE: the MLPT should be no more than 50% of your maximum loss per day amount but no less than 25% either.**

Two Main Initial Stops





Event Stops

Chapter 8.1

"The idea is to get out fast when a trade goes against you." - Jesse Livermore

Event Stops

Block, Inc. · 2 · NYSE · TradingView
O67.34 H67.46 L67.32 C67.44 +0.11 (+0.17%)
65.15
0.50
65.65
USD
71.50
71.00
70.50
70.34
70.00
69.65
69.20
68.80
68.40
68.00
67.70
67.40
67.10
66.80
66.50
66.20
+180 Entry
Event Stop
EB Entry
Event Stop
14 Sep '22 14:52
15:30
15
10:00
10:30
11:00
11:30
12:00

Event Stop

Starbucks Corporation · 2 · NASDAQ · TradingView
O91.36 H91.38 L91.28 C91.31 −0.05 (−0.06%)
91.42
0.32
91.74
2
USD
93.50
93.03
92.50
92.00
91.50
SBUX
91.31
91.00
90.60
90.20
89.80
89.40
89.00
88.60
88.20
87.80
87.45
87.10
Elephant Bar Entry
Event Stop
15:30
14
10:00
10:30
11:00
11:30
12:00
12:30
13:00

2/3 Stop Option

MLPT – MLPD

Chapter 8.2

"The idea is to get out fast when a trade goes against you." - Jesse Livermore

Maximum Loss Per Trade

MLPT

NQ/07U.CMG 1950.750 +2
VOL(NQ/07U.CMG) 66
SMA(20,NQ/07U.CMG) 19
SMA(200,NQ/07U.CMG) 19
2 min Bar Chart - NQ/07U.CMG 1950.750 AvgVOL 188k
SMA(20,NQ/07U.CMG) 1950.388
SMA(200,N
Elephant Plus Clearing
Max Stop
Tip: There is one caveat that makes this play not pertect. What is it?
VOL(NQ/07U.CMG) 66
Aug 13
1,956.00
1,955.00
1,954.00
1,953.00
1,952.00
1950.750
1,950.00
1,949.00
1,948.00
1,947.00
1,946.00
1,945.00
1,944.00
1,943.00
1,942.00
1,941.00
1,940.00
4,000
2,000
0
220
1226
1232
1238
1244
1250
1256
1302
1308
1314
1320
1326
1332

The Three Major Trailing Stop Methods

Chapter 9

"The idea is to get out fast when a trade goes against you." - Jesse Livermore

iFundTraders Trailing Stop Method 1

1) iFund Traders Bar-by-Bar Stop Method

iFundTraders Bar-by-Bar Stop Method-This stop method is the most practiced amongst our traders, as it allows tor riding briet, uninterrupted periods of momentum, without risking much in the way of giving back profits. However, if this method is launched too quickly, the odds of premature stop outs are higher. if entered too late, then the odds of losing your hard earned profits increase.

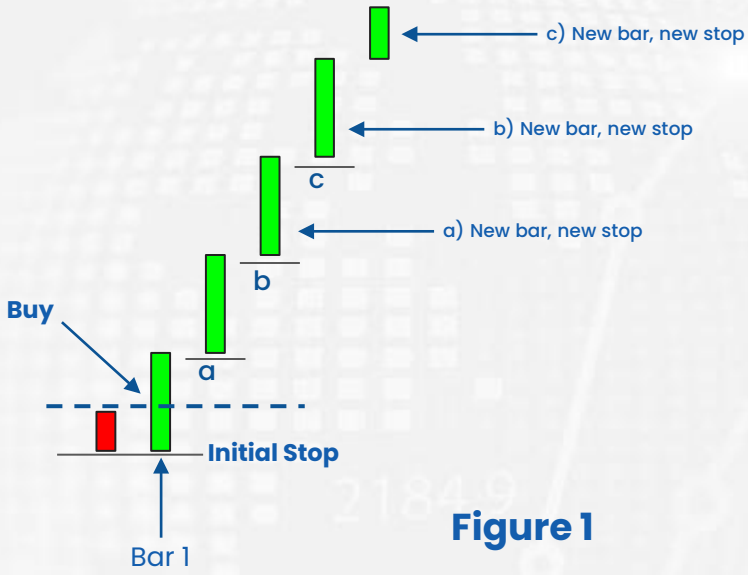


Figure 1

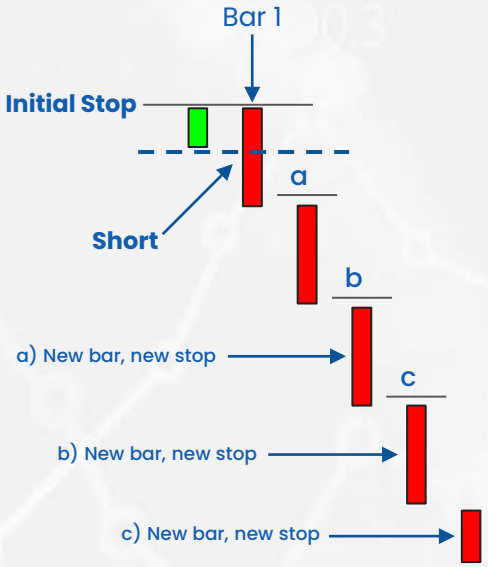


Figure 2

Bar-by-Bar Trailing Stop Method

Once the iFund Trader has entered his long, and placed his initial stop, it's a boom or bust scenario, meaning that either the trader will hit his anticipated target or get out at his initial stop. Once there is a two bar lift (this includes the entry bar if it ends higher than the buy price), the trader would launch into "TRAILING STOP" mode. During which, the trader maintains a mental stop $0.01 below the prior bar's low at all times. As each new bar begins, the TRAILING STOP is moved up, always staying only one bar behind the bar currently trading. The same would apply in reverse, as evidenced by Figure 2.

Bar-by-Bar Trailing Stop

Bar-by-Bar Trailing Stop

iFundTraders: Trailing Stop Method 2a

2) iFund Traders 8ma Momentum Stop Method

This is by far the most dynamic TRAILING STOP method we deploy, but requires nerves of steel to put into practice. It represents one of my personal favorites because of its superior ability to keep the trader in a trade during the sweetest (strongest) part of the move. Bar-by-bar noise is eliminated, allowing the trader to focus on what counts, the force of the trend. What must be kept in mind is that when stocks are not in a trending mode, this stop method will result in frequent "whip-saws." But, with proper timing, it (like its bigger brother, the 20ma trailing stop method) is unrivaled when it comes to "milking" the best part of a stock's move.

Note: We allow iFund Traders to use this stop method right from the beginning stages of their trading.

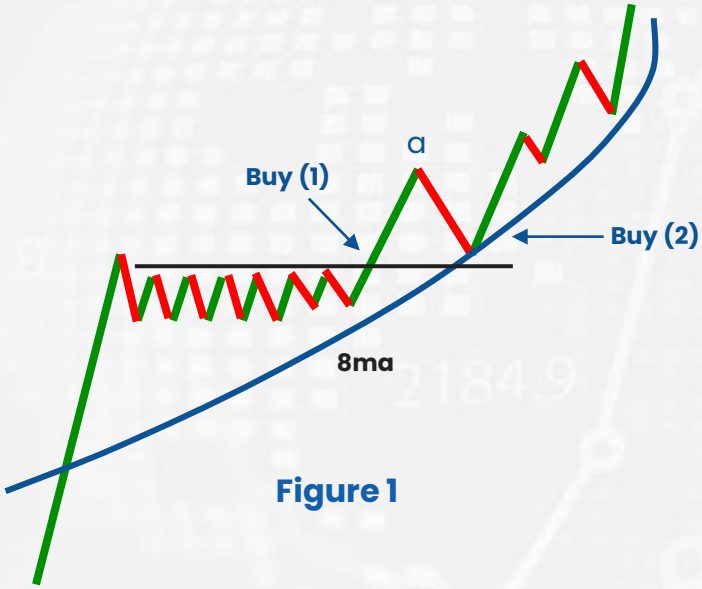


Figure 1

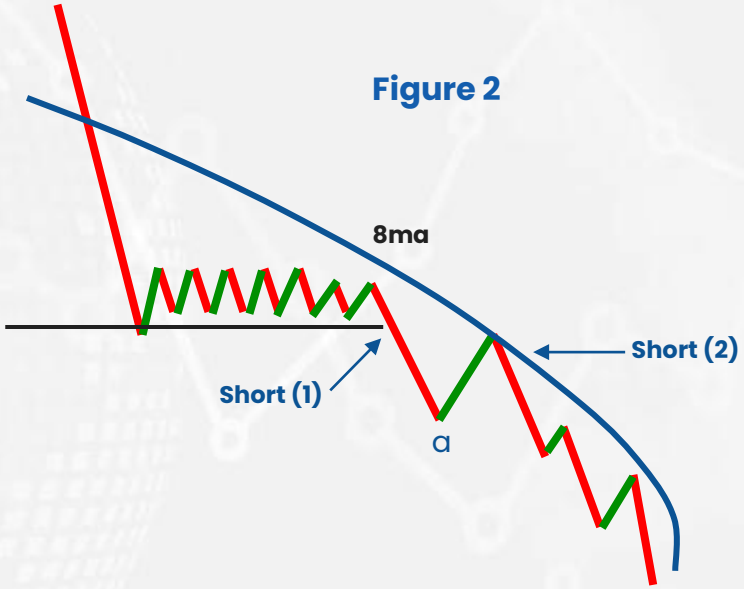
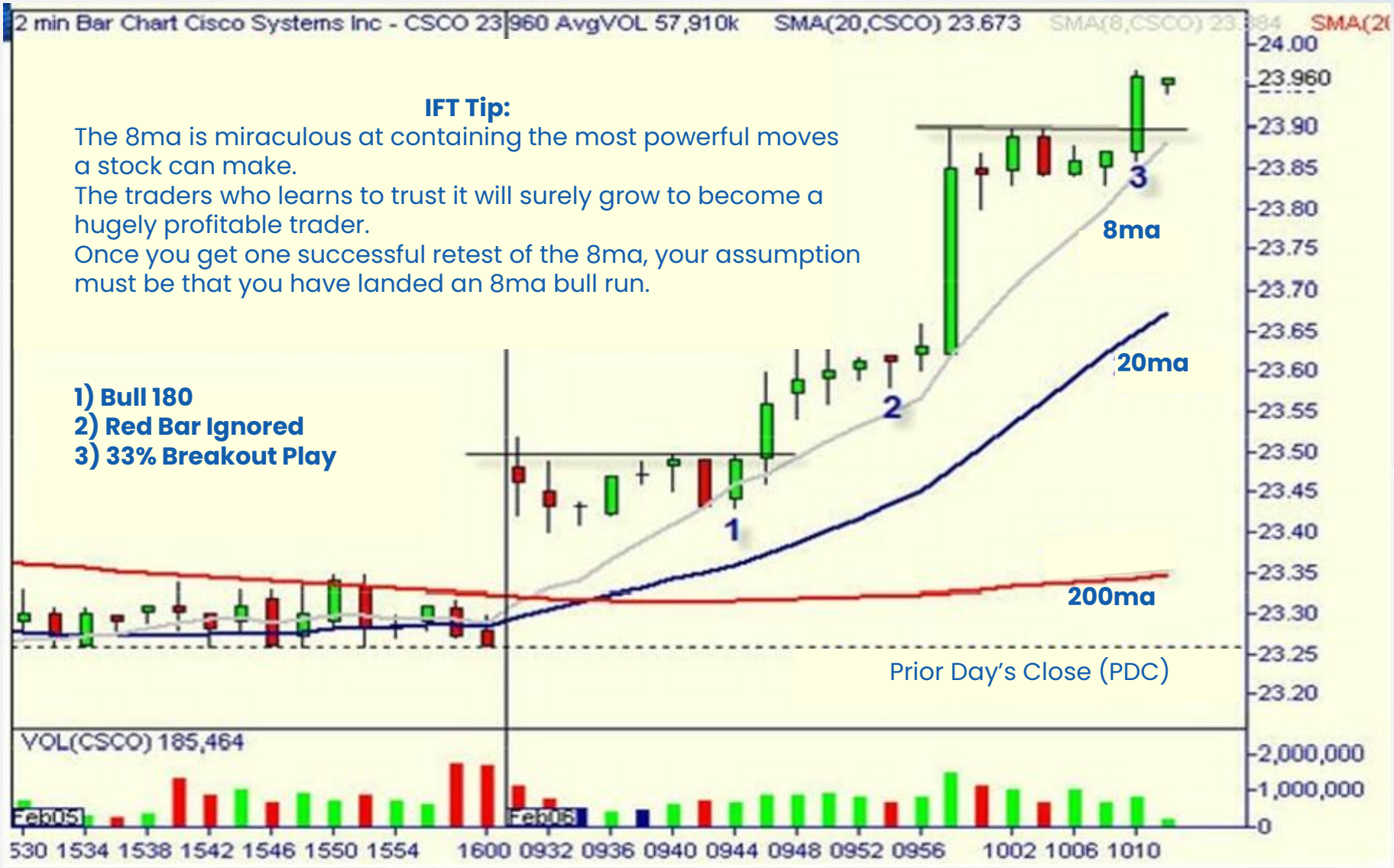


Figure 2

In the above Figure 1, the iFund Trader would simply buy at point 1, and sell into the initial rise, anticipating a pullback before the secondary leg. At buy point 2, the iFundTrader could try and hold on to the stock as long as it remained above the r8ma. Essentially, at that point, the 8ma would become the iFundTraders TRAILING STOP. Everything would be handled in reverse for Figure 2. The method applied to 1- 2- and 5-minute charts works extremely well.

The 8ma Bull Run



The 8ma Bull Power

Tip: iFund Traders add to winning plays by buying at each iFund Trader Buy Tactic.

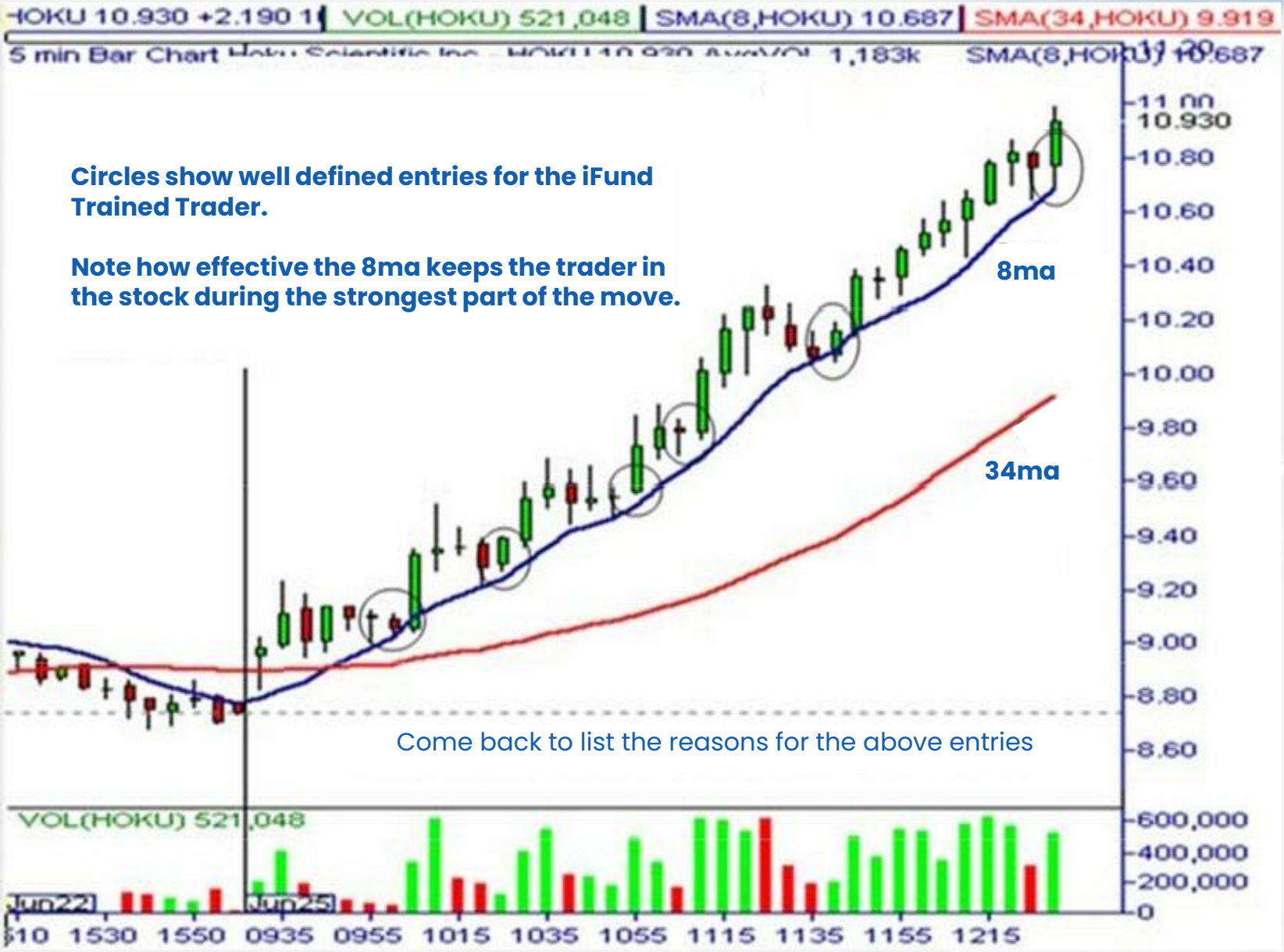
8ma Bull Run

1 min Bar Chart VeriSign Inc - VRSN 35.220 AvgVOL 4,376k
SMA(20,VRSN) 35.093
Trading Note:
There is nothing more elegant tan the 8ma Run! It only takes one of these a day to make a small fortune in the market.
8ma
20ma
8
VOL(VRSN) 9,932
35.25
35.220
35.15
35.10
35.05
35.00
34.95
34.90
34.85
34.80
34.75
34.70
34.65
34.60
20,000
15,000
10,000
5,000
0
Feb11
202 1205 1208 1211 1214 1217 1220 1223 1226 1229 1232 1235 1238 1241 1244 1247 1250 1253 1256 1259 1302 1305 1308

8ma Bear Run

KLAC 55.920 -1.350 55.910x55
VOL(KLAC) 6,392
SMA(20,KLAC) 56.206
2 min Bar Chart KLA Tencor Corporation - KLAC 55.920 AvgVOL 4,358k
SMA(20,KLAC) 56.206
iFund Traders Tip: The 8ma is an iFund Traders number one trailing stop guide.
20ma
8ma
Circles show three iFund Trader Sell Tactics.
Come back later to identify each one.
1.
2.
3.
VOL(KLAC) 6,392
56.75
56.70
56.65
56.60
56.55
56.50
56.45
56.40
56.35
56.30
56.25
56.20
56.15
56.10
56.05
56.00
55.95
55.920
55.85
40,000
20,000
0
1048 1052 1058 1104 1110 1116 1122 1128 1134 1140 1146 1152 1158 1204

8ma Trailing Stop

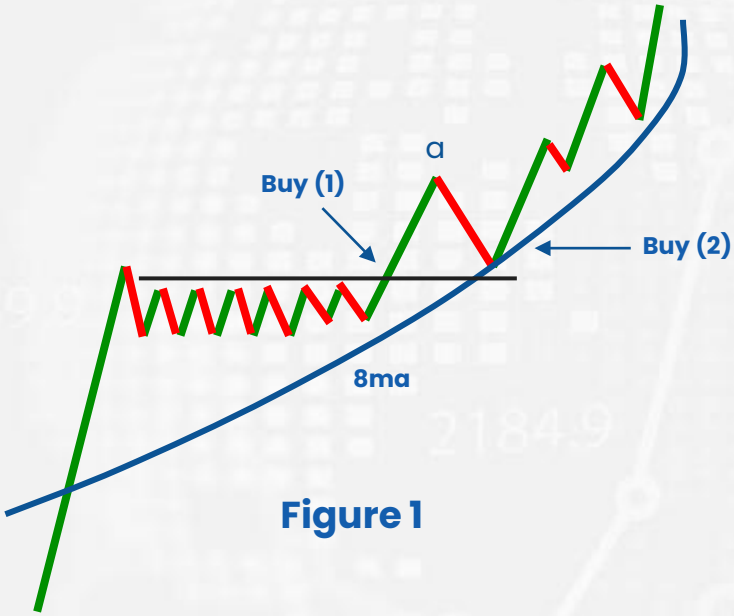


The 8ma Retest

iFund Traders Trailing Stop Method 2b

3) iFund Traders 20ma TRAILING STOP Method

This is by far the most basic TRAILING STOP method we deploy, and the easiest to put into practice. In many ways, it is the most superior method of all, as it forces the trader to focus on the trend, instead of the bar-by-bar noise, which can be quite confusing at times. However, its superior nature only works in trending stocks and markets and it loses all of its luster when stocks and markets are not trending. But, with proper timing, it is unrivaled when it comes to "milking" a stock's move for all it's worth.



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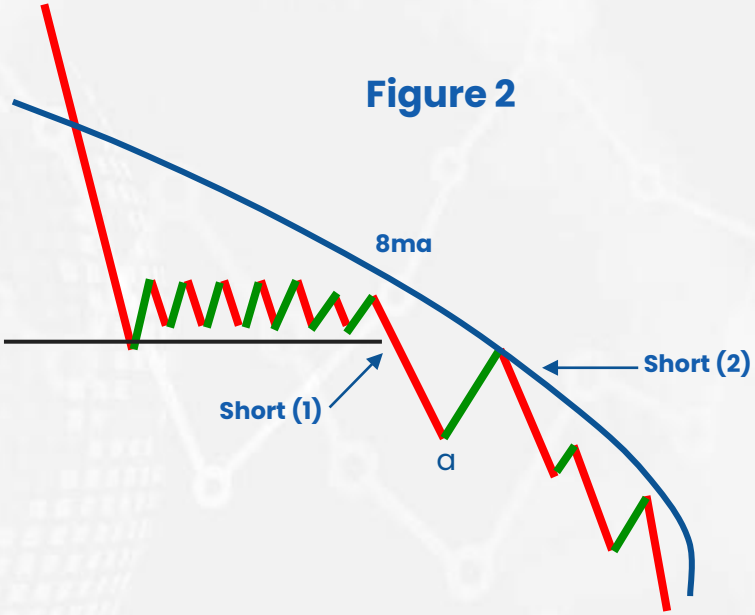

Figure 2

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The 20ma Trailing Stop

Once the 20ma begins to halt the price declines, the iFund Trader confidently buys subsequent retests.

The 20ma serves as a trailing stop for those who don't mind the bigger swings.

Circles show trading opportunities.

The 20ma Trailing Stop

BEAR PICTURE OF POWER

The iFund Trader has multiple opportunities to enter a short in INTU and add to it, while riding each open position for maximum gains using the 20ma as the trailing stop.

Note: The iFund Trader is still holding all open positions.

Big Bar Stops

The Big Bar by Big Bar Stop

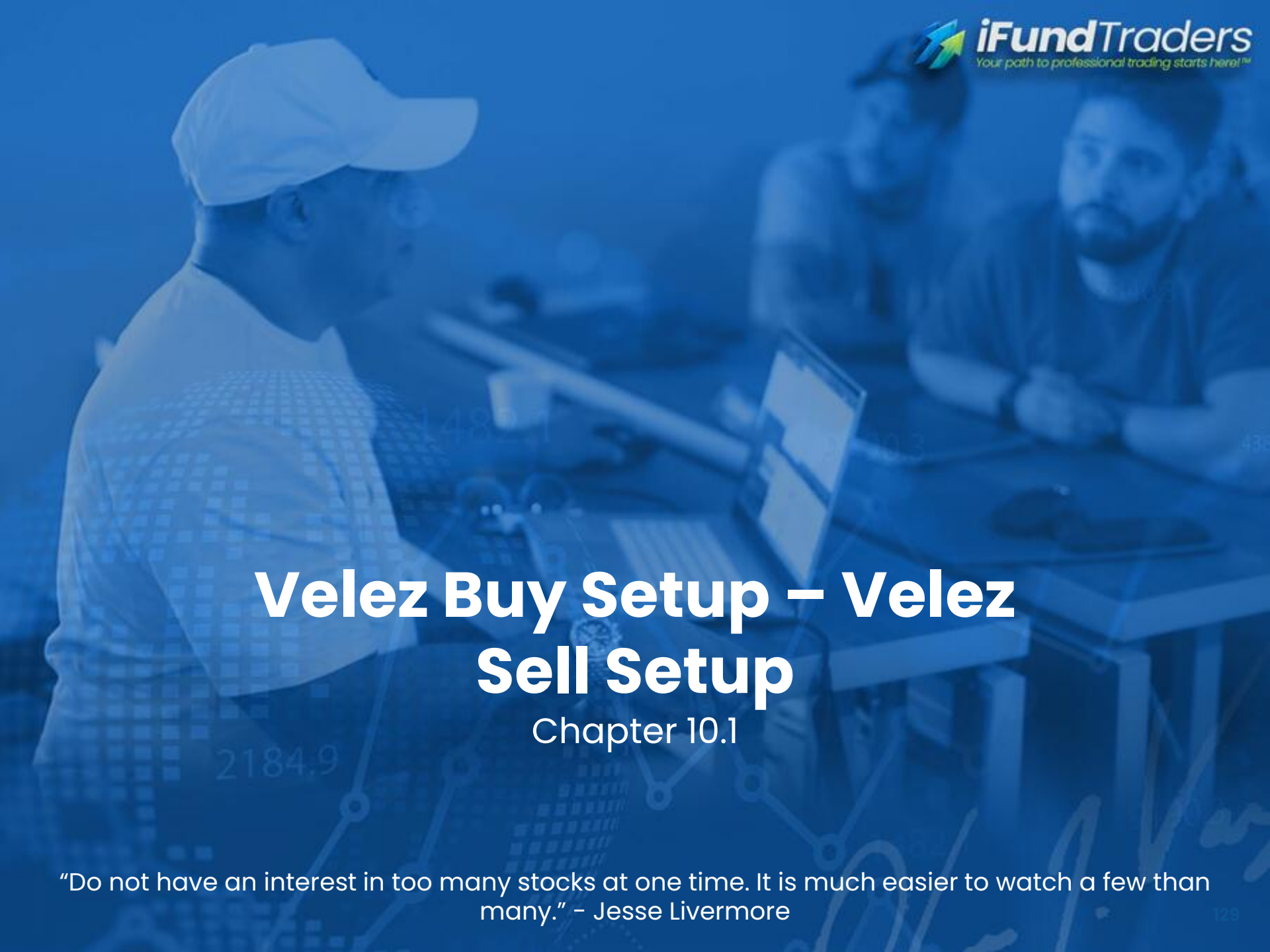
The Big Bar by Big Bar Stop

Tip: The Big Bar Stop is Oliver's favorite stop method.

The Trading Patterns

Chapter 10

"Do not have an interest in too many stocks at one time. It is much easier to watch a few than many." - Jesse Livermore



Velez Buy Setup – Velez Sell Setup

Chapter 10.1

"Do not have an interest in too many stocks at one time. It is much easier to watch a few than many." - Jesse Livermore

iFund Traders Buy Setup (VBS)

BULLISH TREND
Rising stock above a rising 20ma (a 20ma above a 200ma is ideal but not required).

FULL SETUP
1. Three or more consecutive Lower Highs (**LHs**), and Lower Lows (**LLs**), or,
2. Three or more Red Bars (**RBs**).
Tip: Two LHs or RBs will often work in very strong trends

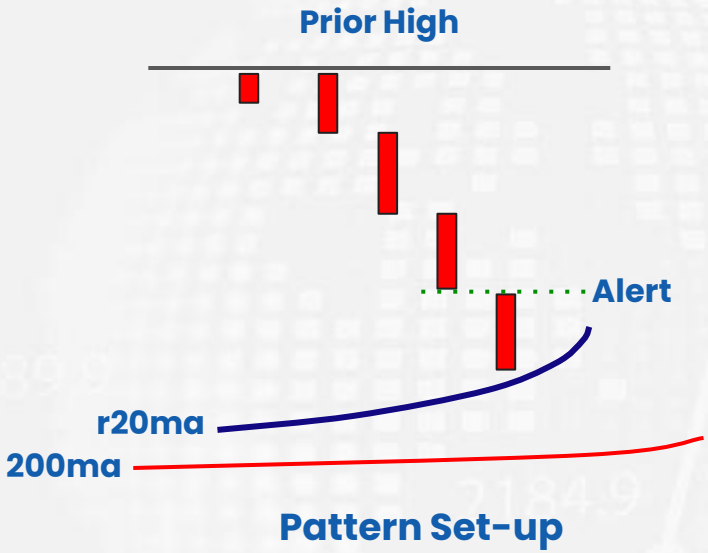
ADD-ONs
1. **Bottoming Sign**: BT, GBR, NRB, NB: Volume Surge and Wide Range Bar (optional).
2. **Location**: Price support, moving average support, retracement support; prior day close.
3. **Time**: 10:00, 10:30, 11:15, 12:00, 1:30, 2:15 - 2:30, 3:00, 3:30, BOM, EOM, MOM

BUY ACTION
1. Buy $0.01 above the prior bar's high. Note: If the prior bar's high is too far away, drop to the next lower time frame and use the prior bar's high in that time frame as your altemative entry price.
Example: If the prior 5-minute high is too far away, drop to the 2-minute chart and buy the stock above the prior 2-minute high.
2. Place a mental stop $0.01 below the entry bar's low. If too close, use prior bar's low.

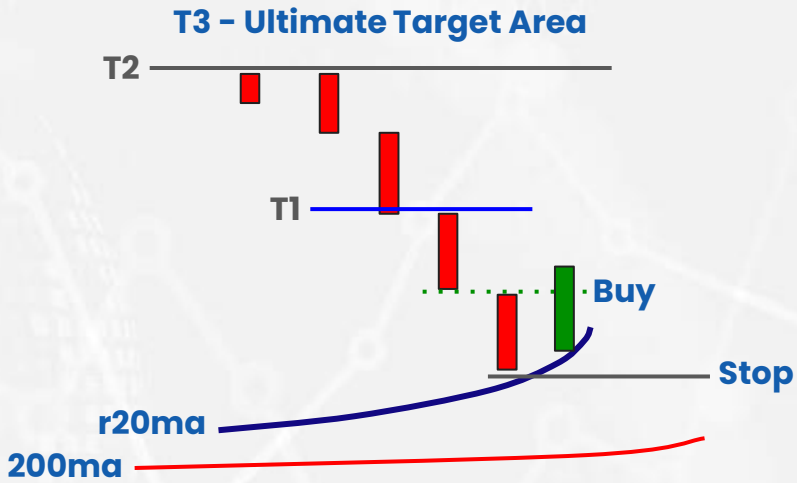
TRADE MANAGEMENT
1. Set minimum target at the 50% Retracement level. The secondary target is at or near the prior pivot high and third is above the pivot high.
Note: An overhead MA can also be a target.
2. After a 2 bar advance, place a trailing stop $0,01 under each prior bar's low until a) price objective is met; b) a topping tail forms; a wide range up bar forms; or c) a RBR dips below (takes away) more than 50% of the prior bar.

iFundTraders Buy Tactics

1) iFund Traders Buy Set-up
This is the main buy set-up we use at iFund Traders and it will represent anywhere from 65% - 80% of your longs. It is comprised of only a few basic criteria and can be used in ali time frames. To make it as a iFund Traders Trader, this tactic must be mastered.



Pattern Set-up



Buy Action

T1 - 50% Target • T2 - Prior High Target • T3 - New High Target

FundTraders Note: The location and time of occurrence of this main stay trading pattern are the major keys. The iFund Traders Trader wants to essentially focus on the **VBSs** that occur at or near multiple support levels and key reversal times. The ones accompanied by Narrow Range Bars (**NBRs**) are my personal favorite. We'll talk about these as we move forward.

iFundTraders Buy Tactics

iFundTraders Buy Set-up (VBS)

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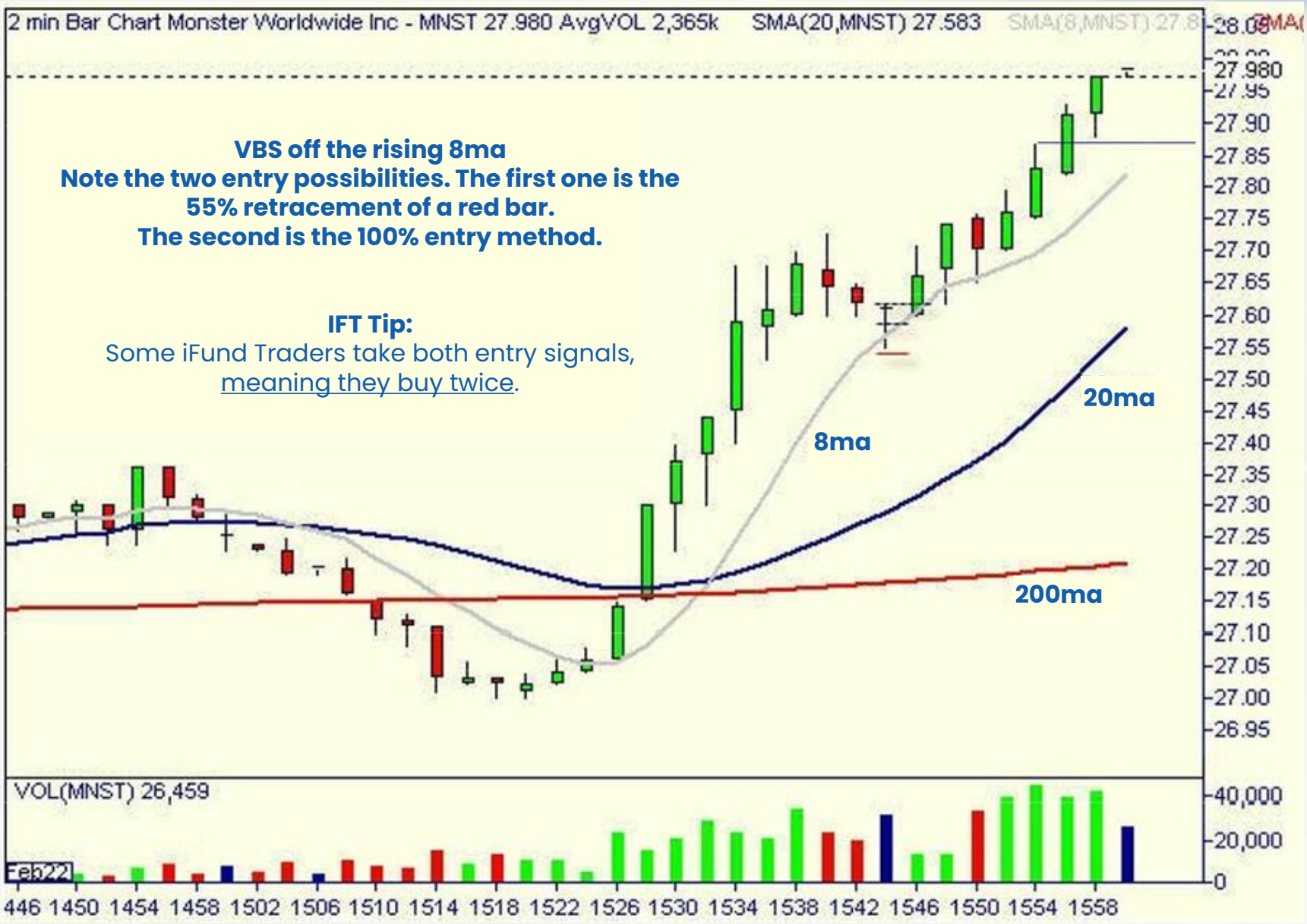
iFundTraders Buy Set-up (VBS)



iFundTraders Buy Set-up (VBS)

iFundTraders Buy Set-up (VBS)

iFundTraders Sell Set-up (VSS)

BEARISH TREND
Declining stock under a declining 20ma (a 20ma below the 200ma is ideal, but not required).

FULL SETUP
1. Three or more consecutive Higher Lows (**HLs**), and Higher Highs (**HHs**) or,
2. Three or more Green Bars (**GBs**).
Tip: Two HLs or GBs will work in very strong trends.

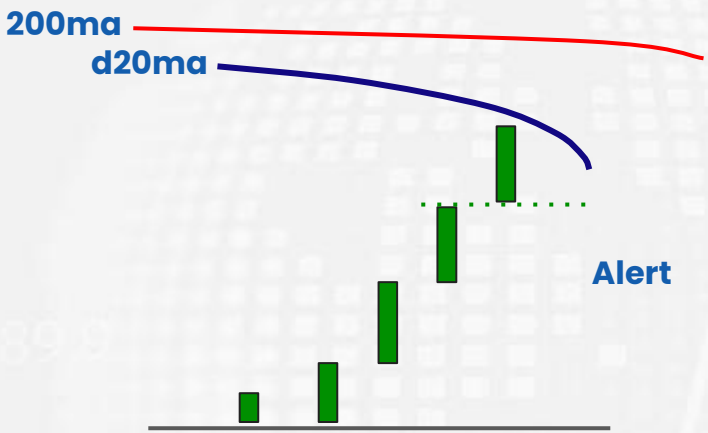
ADD-ONs
1. **Topping Sign**: TT, RBR, NRB, NB: Volume Surge and Wide Range Bar (Optional).
2. **Location:** Price resistance, Moving average resistance, Retracement resistance; Prior Close.
3. **Tiempo**: 10:00, 10:30, 11:15, 12:00, 1:30, 2:15 - 2:30, 3:00, 3:30, BOM, EOM, MOM

SELL/SHORT ACTION
1. Short .01 below the prior bar's low. **Nota**: If the prior bars low is too far away, drop to the next lower time frame and use the prior bar's low in that time frame as your alternative entry price.
Example: If the prior 5-minute low is too far away, drop to the 2-minute chart and short the stock below the prior 2-minute low.
2. Place stop .01 above the entry bar's high. If too close, use prior bar's high.

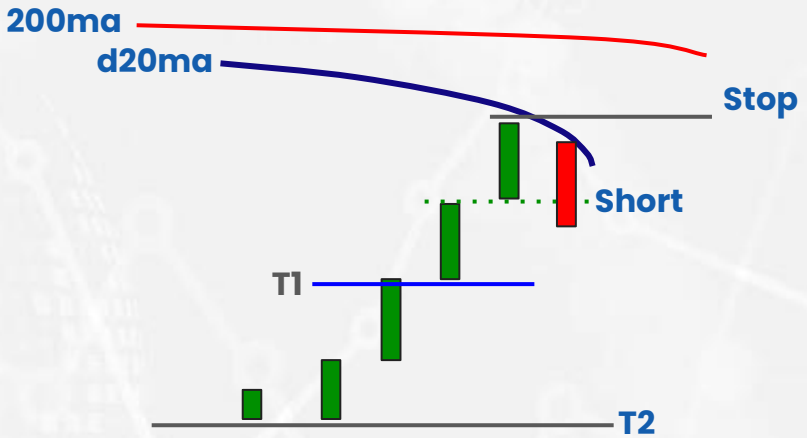
TRADE MANAGEMENT
1. Set minimum target at the 50% Retracement level. The secondary target is at or near the prior pivot low and the third is somewhere below the pivot low.
2. After a 2 bar decline, place a trailing stop .01 above each prior bar's high until a) objective is met; b) a bottoming tail forms; c) a wide range down bar forms; or d) a penetrating GBR.

iFundTraders Sell/Short Tactic

1) iFund Traders Sell Set-up: VSS
This is the main sell set-up we use at iFund and it will represent anywhere from 65% to 80% of your shorts. It is comprised of only a few basic criteria and can be used in all time frames. To make it as a iFund Trader, this tactic must be mastered.



Pattern Set-up

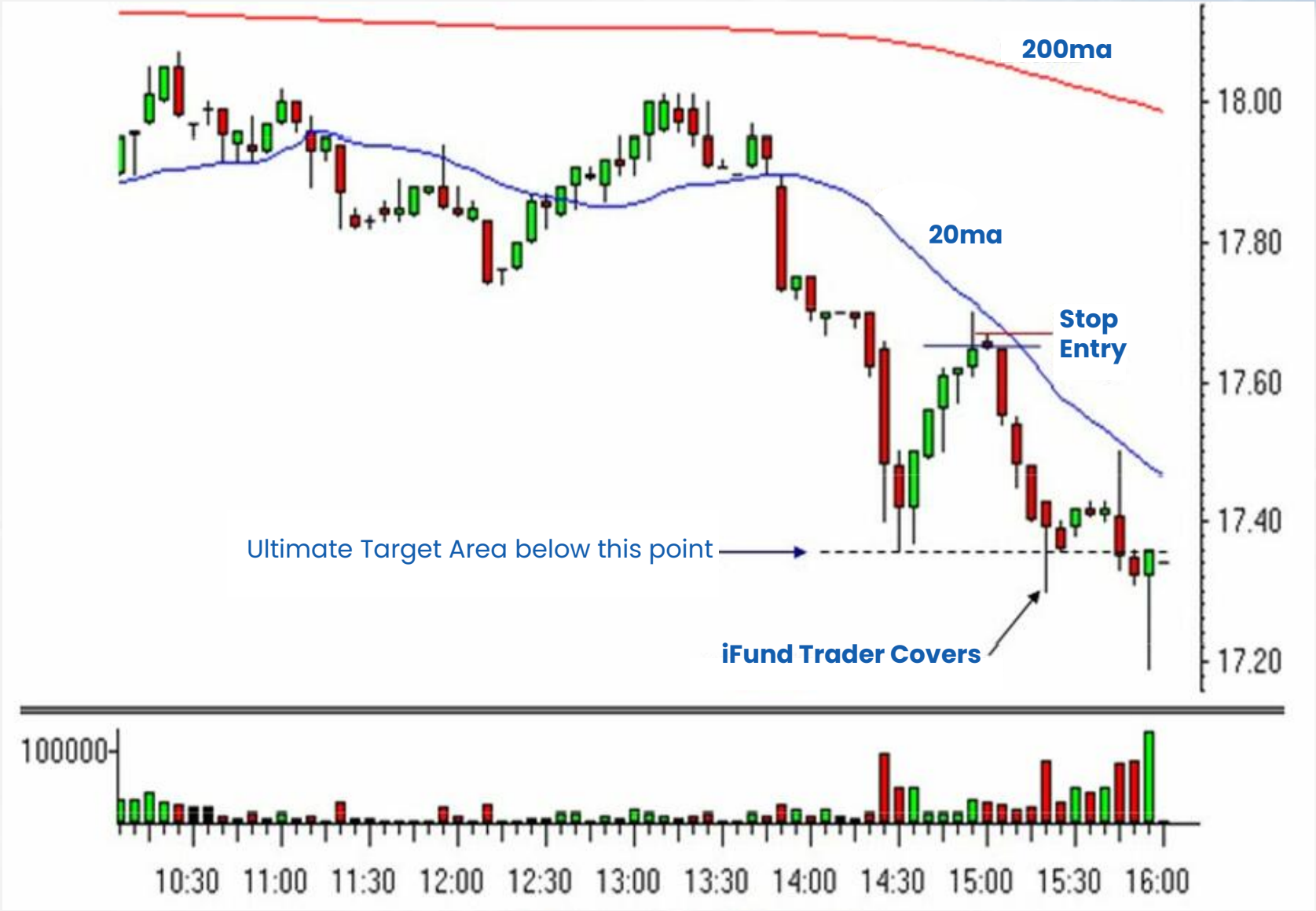


T3 - Ultimate Target Area

Short Action

Trading Note: The location and time of occurrence of this main stay trading pattern are the major keys. The iFund Trader wants to essentially focus on the Sell Set-ups that occur at or near multiple support levels and key reversal times. The ones accompanied by **NRBs** are my personal favorite. We'll talk more about these as we move forward.

iFundTraders Sell Set-up (VSS)

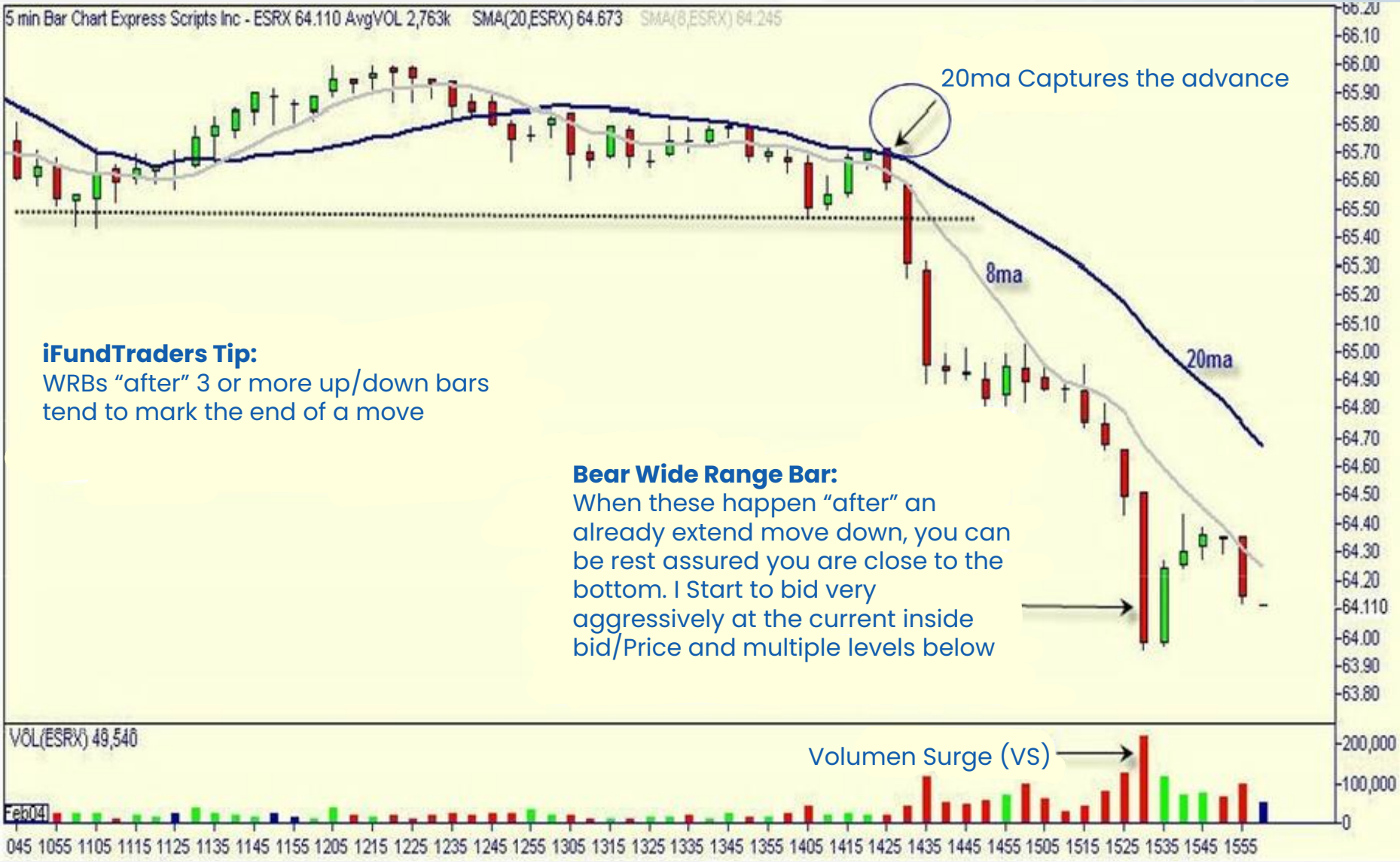


iFundTraders Sell Set-up (VSS)

The power of the 200ma is almighty, especially when it is flat, but that does not mean it won't ever be broken. In this case, the 200ma held firm only once. The 20ma overruled the 200ma's support

iFundTraders Sell Set-up (VSS)

iFundTraders Sell Set-up (VSS)



The Gift

Chapter 10.2

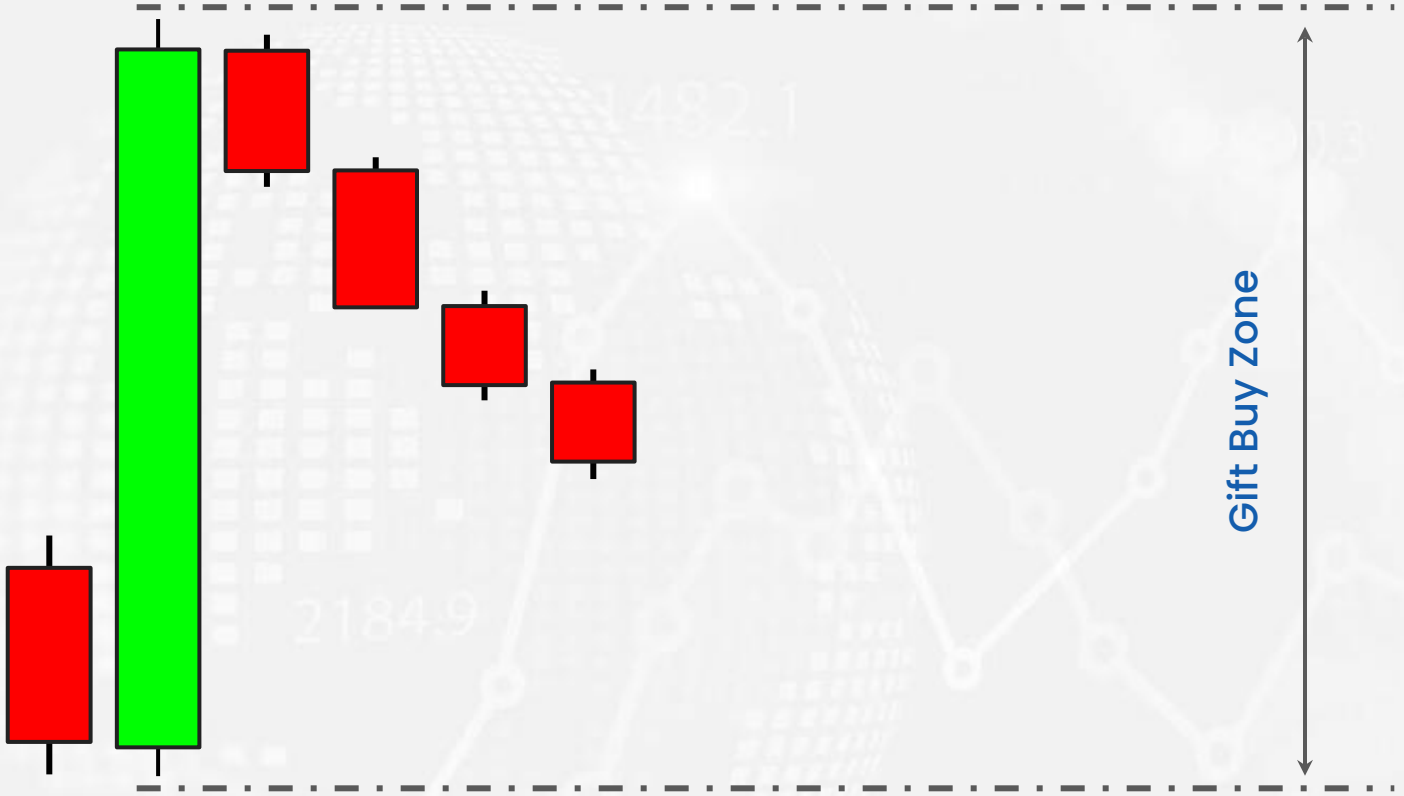
The market gift that keeps on giving.

The “GIFT” Buy

TIP: After a strong Bar 1 surge, any and every decline back into the bar's range is a **GIFT**!

The “GIFT” Buy

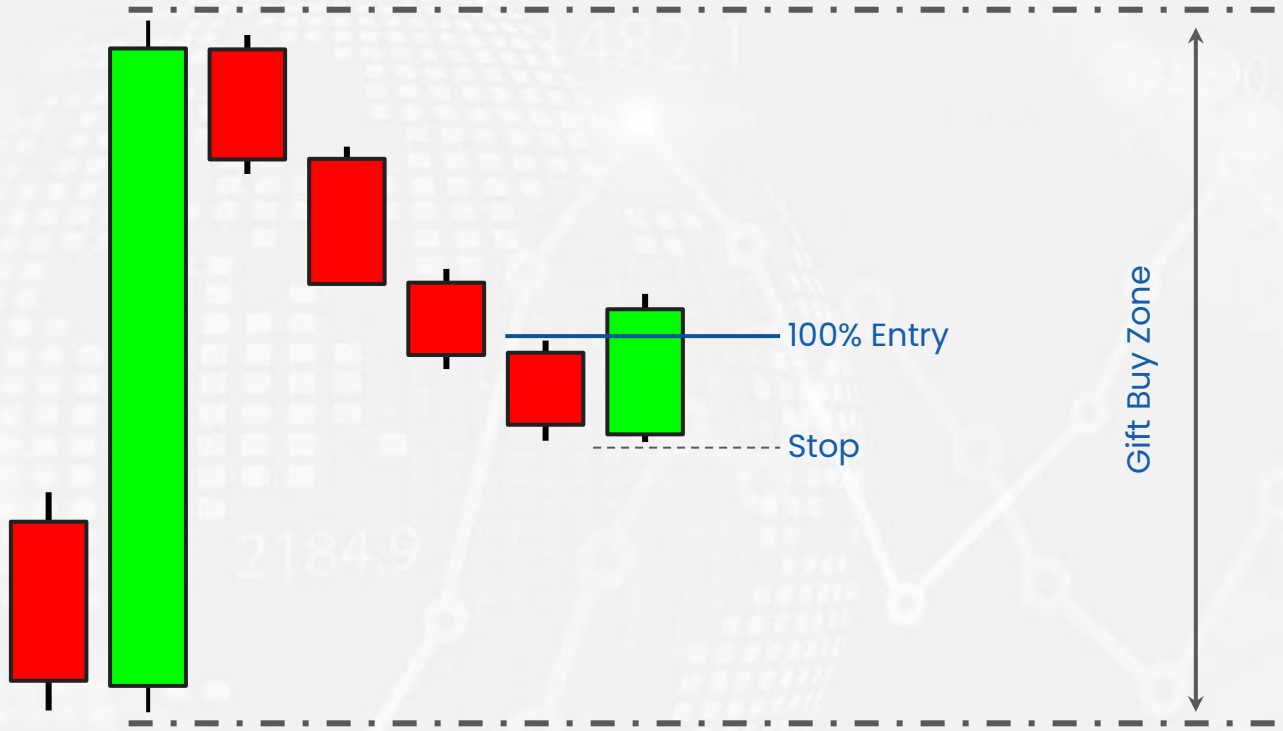
The “GIFT” Buy Set Up



TIP: The number of bars that drift into the Gift Buy Zone does not matter. Any number will do. 1 to many is fine.

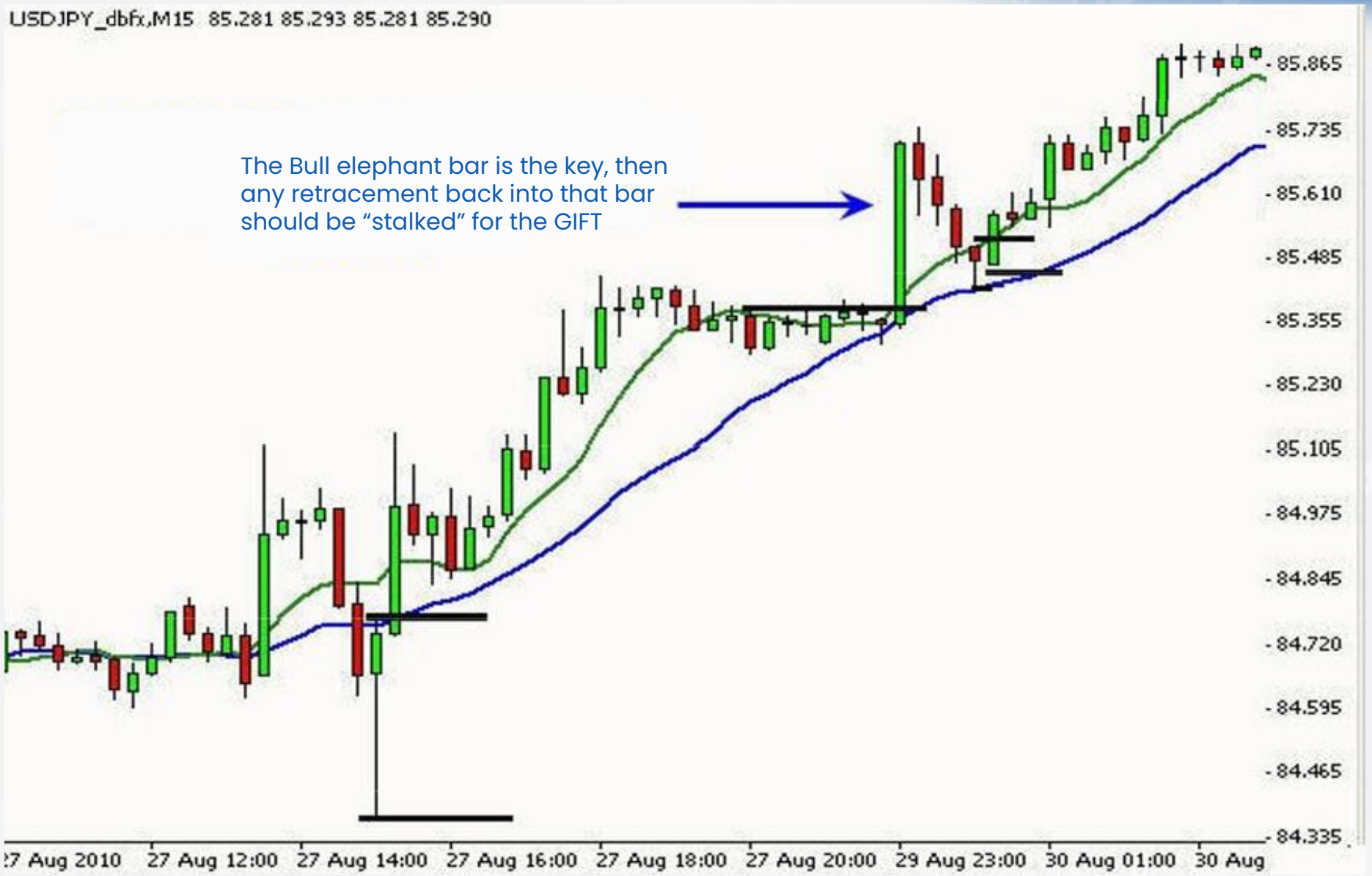
The “GIFT” Buy

The “GIFT” Buy Entry



TIP: When a green bar wipes out 100% of a red bar inside the gift buy zone, STRIKE!

The “GIFT” Buy


USDJPY_dbfx,M15 85.281 85.293 85.281 85.290
The Bull elephant bar is the key, then any retracement back into that bar should be “stalked” for the GIFT
85.865
85.735
85.610
85.485
85.355
85.230
85.105
84.975
84.845
84.720
84.595
84.465
84.335
27 Aug 2010
27 Aug 12:00
27 Aug 14:00
27 Aug 16:00
27 Aug 18:00
27 Aug 20:00
29 Aug 23:00
30 Aug 01:00
30 Aug

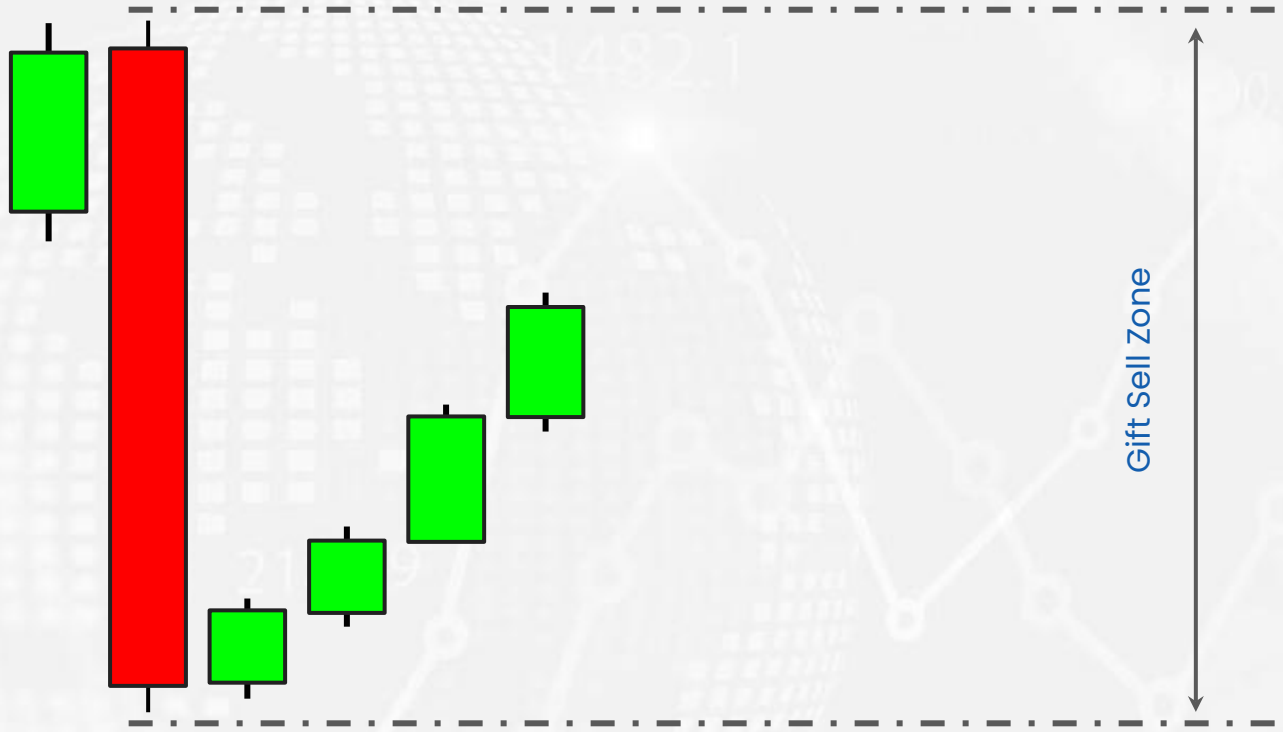
The “GIFT” Sell

The Gift Sell Zone

TIP: After a strong Bar 6 decline, any and every rally back into the bar's range is a **GIFT**!

The “GIFT” Sell

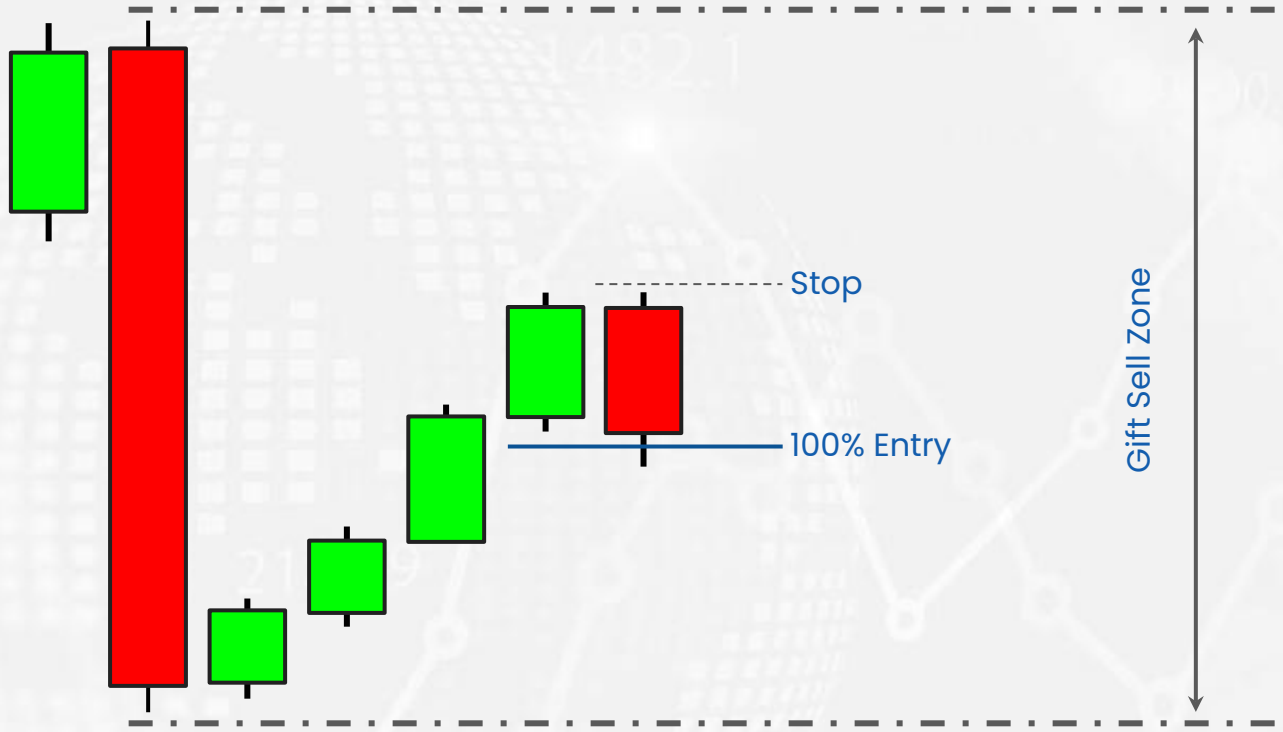
The Gift Sell Set Up



TIP: The number of bars that drift into the Gift Sell Zone does not matter. Any number will do. 1 to many is fine.

The "GIFT" Sell

The Gift Sell Entry



TIP: When a red bar wipes out 100% of a green bar inside the gift sell zone, STRIKE!

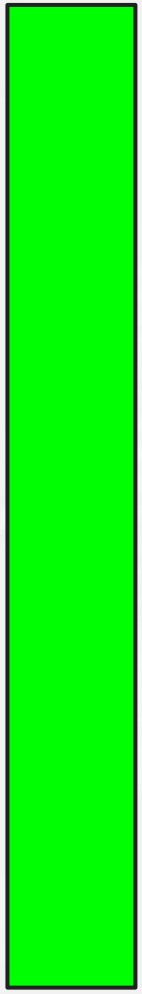
The “GIFT” Sell

Igniting The Momentum Buy and The Momentum Sell

Chapter 10.3

"Do you know what you are supposed to do, and if so, do you actually do what you are supposed to do when you are supposed to do it?" - Dr. Dan.

The Momentum Buy



Once you have indentified an igniting bar, the momentum buy is made once the high of the igniting bar is cleared and a stop is placed under the low of the igniting bar.

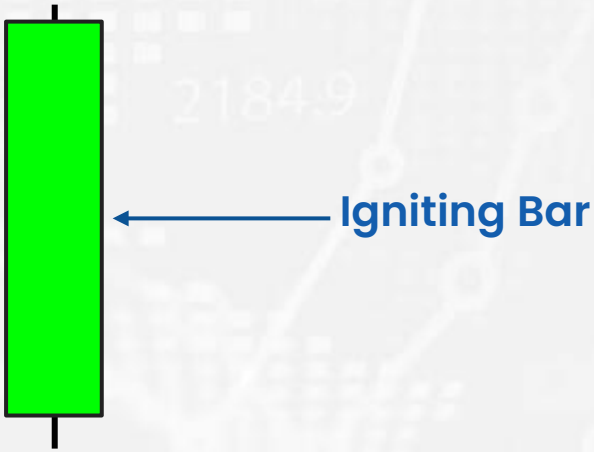
The best igniting bars most closely resemble those with Absolute Control and also have a price void (empty space) above on the current time frame and the larger time frames.

In other words we do not want to buy right into the face of immediate or very near by resistance. In that instance it is better to wait for the resistance to be cleared and retested, as support, or cleared and another buy trigger forms to confirm the follow through of momentum.

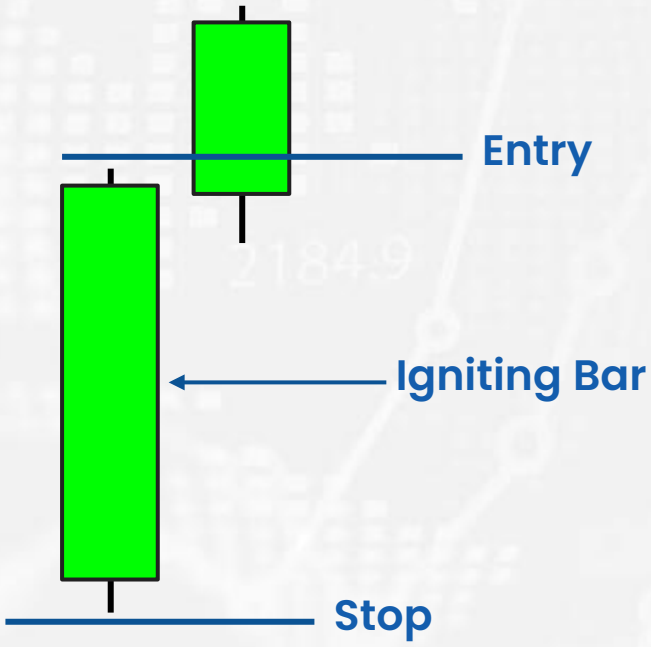
Only a one bar lift is needed to begin using a Bar-By-Bar trailing stop.

If a momentum bar is to be entered before completion, the TIF Rules (covered in the next section) must be followed

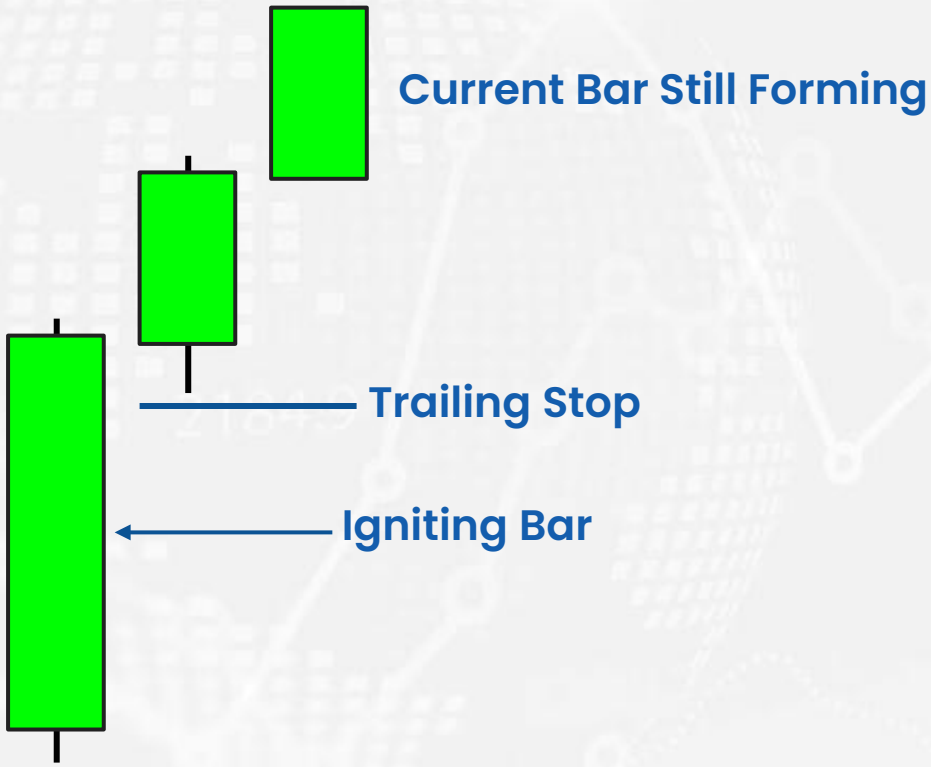
The Momentum Buy



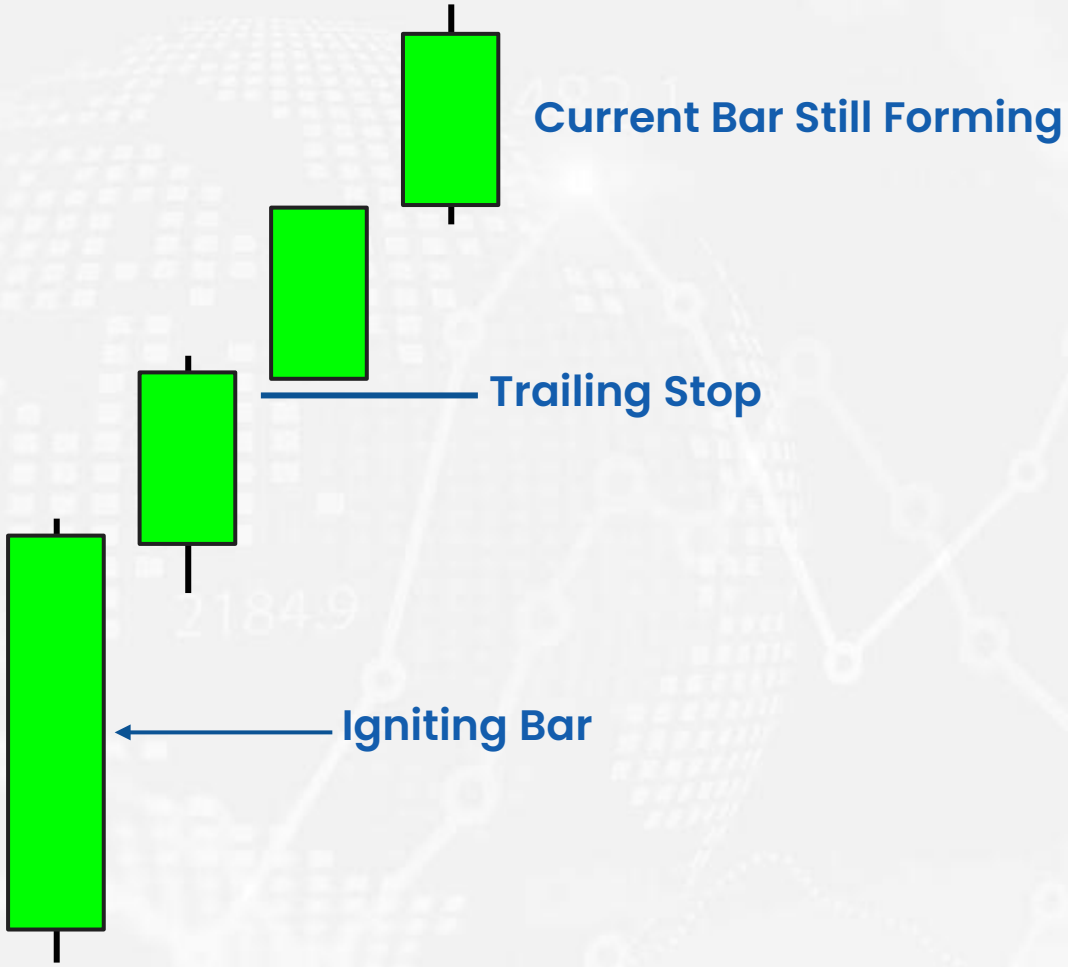
The Momentum Buy



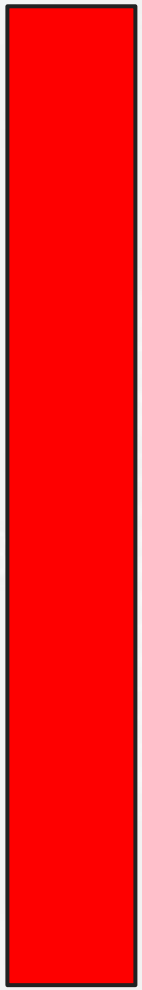
The Momentum Buy



The Momentum Buy



The Momentum Sell



Once you identify an ignition candle, the Momentum Sale is made when the minimum of the ignition candle is erased and the stop needs to be set on the maximum of the ignition candle.

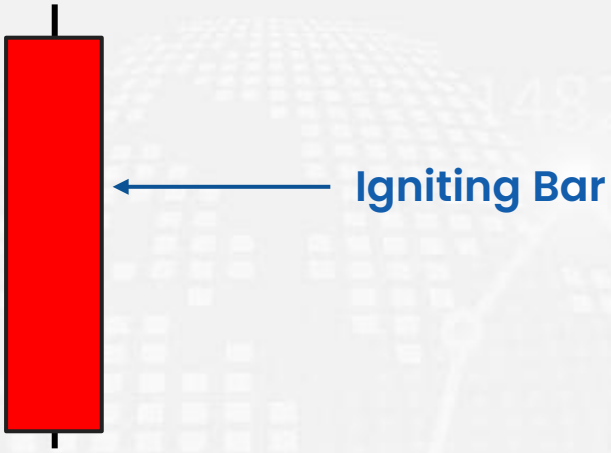
The best ignition candles resemble absolute control and also have a free price (empty space) in other timeframes.

In other words we do not want to sell right on the support. In this instance it is better to wait for the support to be eliminated, and tested as resistance and another sale breakdown to be formed to confirm the monitoring momentum.

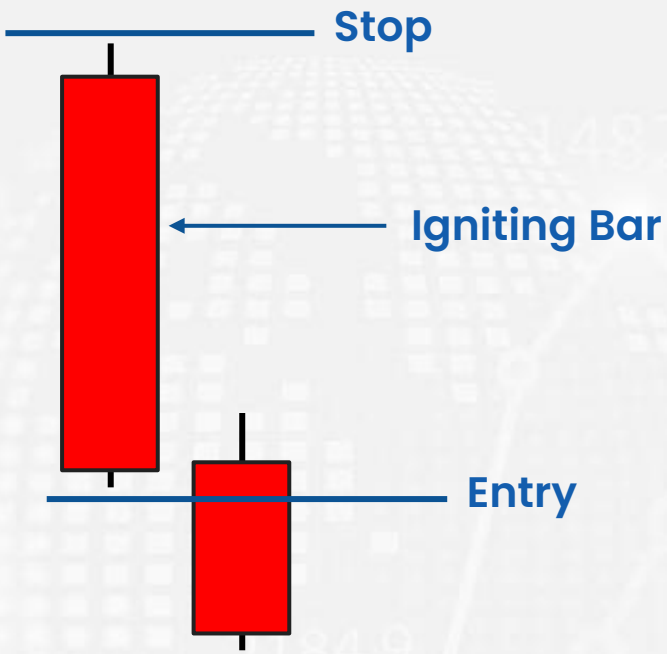
Only one candle down is needed to start using the Trailing Stop Bar By Bar.

If a momentum candle is taken before it is completed, the time forming rules (covered in the next section) must be followed.

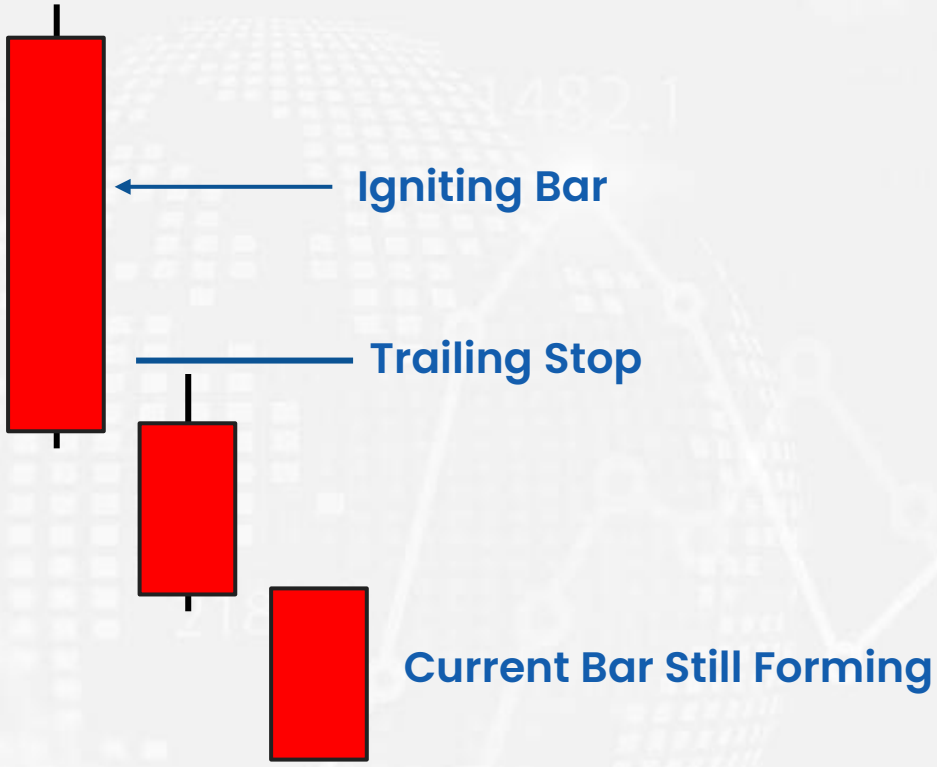
The Momentum Sell



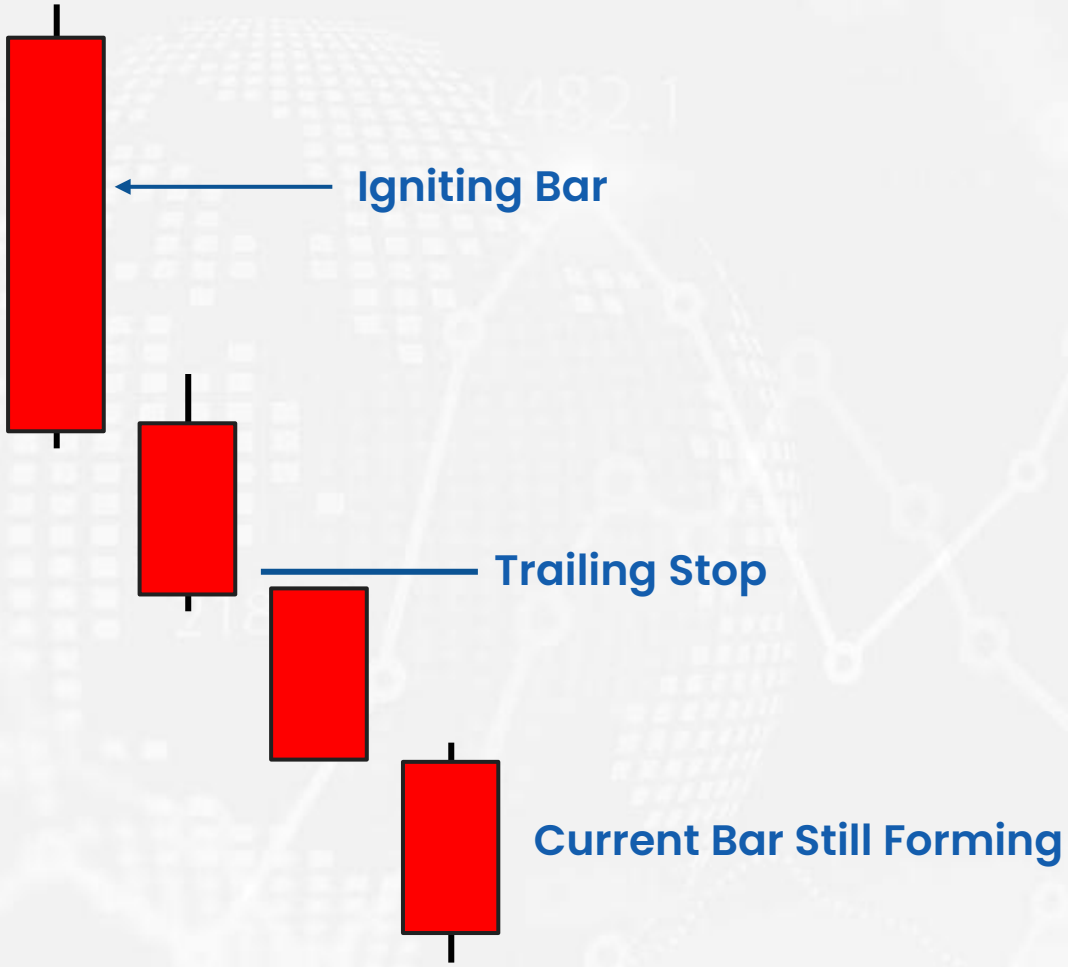
The Momentum Sell



The Momentum Sell



The Momentum Sell



Reversal Signs

Bottoming Signals & Topping Signals

Chapter 11

"I learned very early on that brokers are always wrong; and clients are always wrong. But the tape is never wrong." - Jesse Livermore

Green and Red Bar Reversal

Chapter 11.1

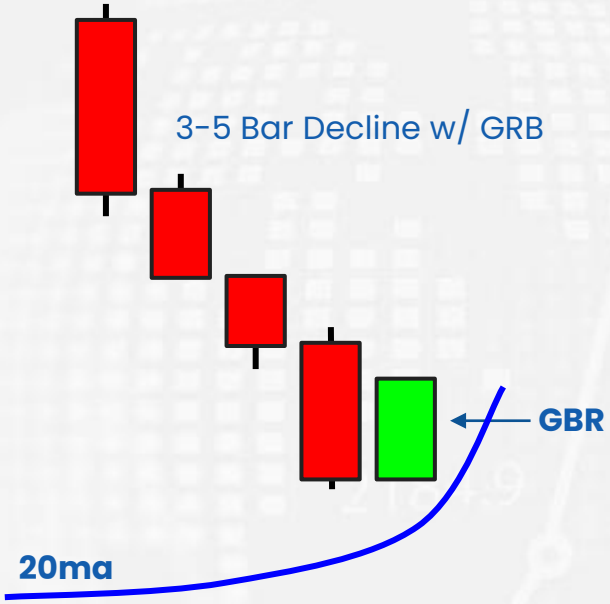
"I learned very early on that brokers are always wrong; and clients are always wrong. But the tape is never wrong." - Jesse Livermore

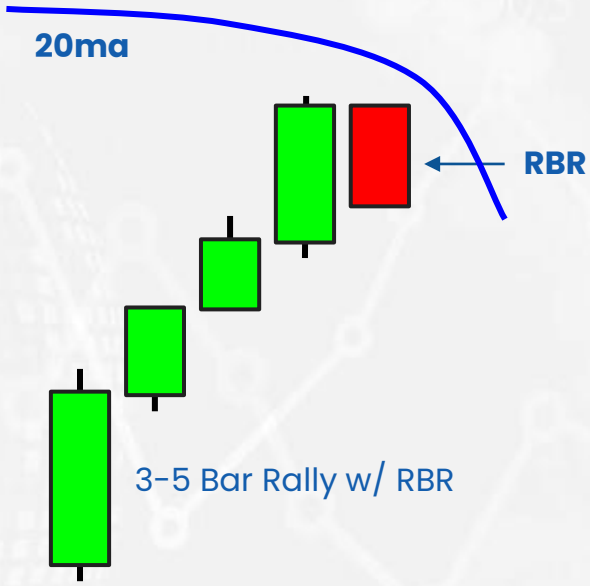
Green Bar Reversal (GBR) & (RBR)

1) Green Bar Reversal (GBR)

This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred.

Tip: Whenever a **GBR** forms after a steady 3 to 5 bar decline, the odds of a bottom are greatly increased. iFund Traders would look to Buy the green bar if and when it retraces the prior red bar and/or when the high of the green bar is violated on the next bar, or the very next time a previous bar's high is violated. Stops are placed just below the entry bar's or prior bar's low.





2) Red Bar Reversal (RBR)

This topping sign is one of the most obvious in existence from the sell side.

Tip: Whenever a **RBR** forms after a steady 3 to 5 bar **Rally**, the odds of a top are greatly increased. iFund Traders would look to **Short** the **red** bar if and when it retraces the prior **green** bar, and/or when the low of the red bar is violated by the next bar, or the very next time a previous bar's low is violated. Stops are placed above the entry bar's or prior bars high.

Green Bar Reversal (GBR) & (RBR)

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This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred.

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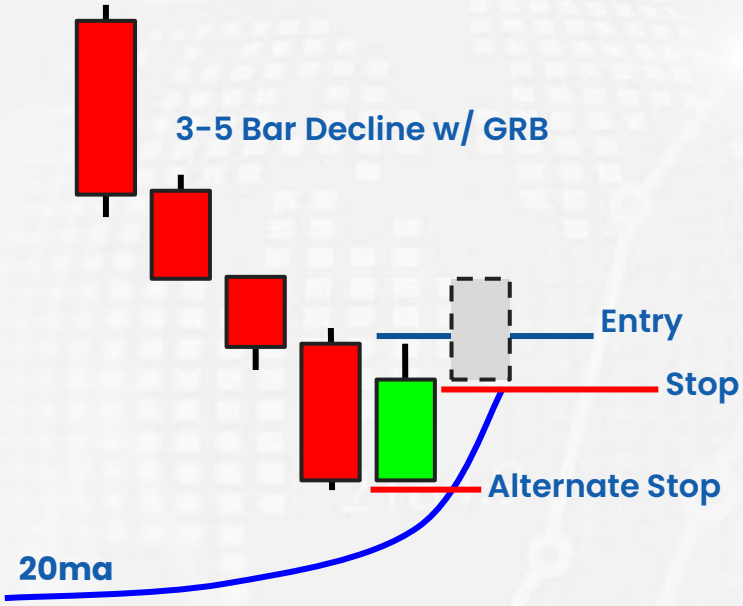

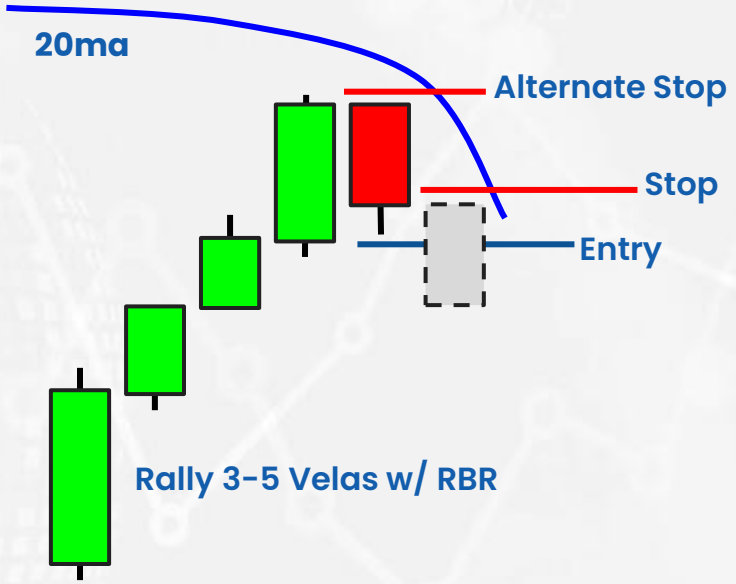

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(GBR) & (RBR) as Triggers

1) Green Bar Reversal (GBR)
This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred.
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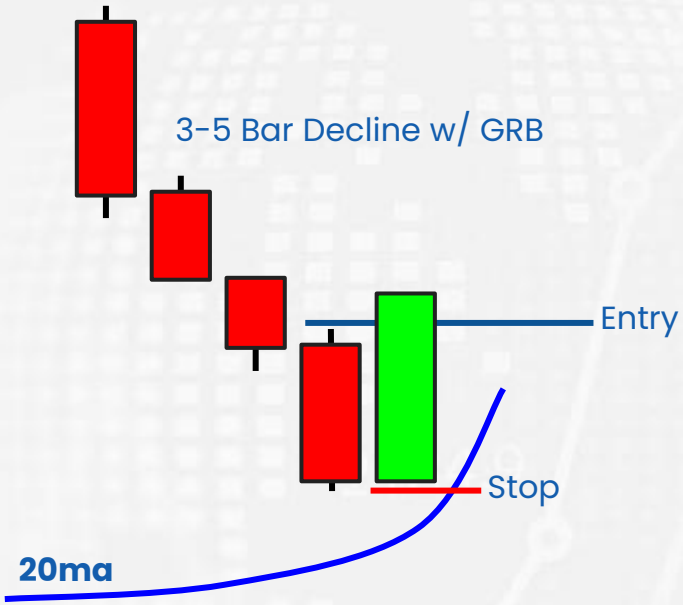

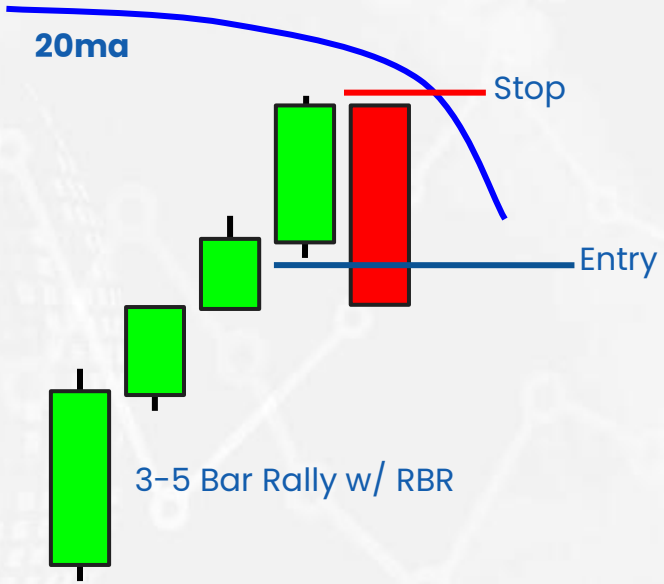

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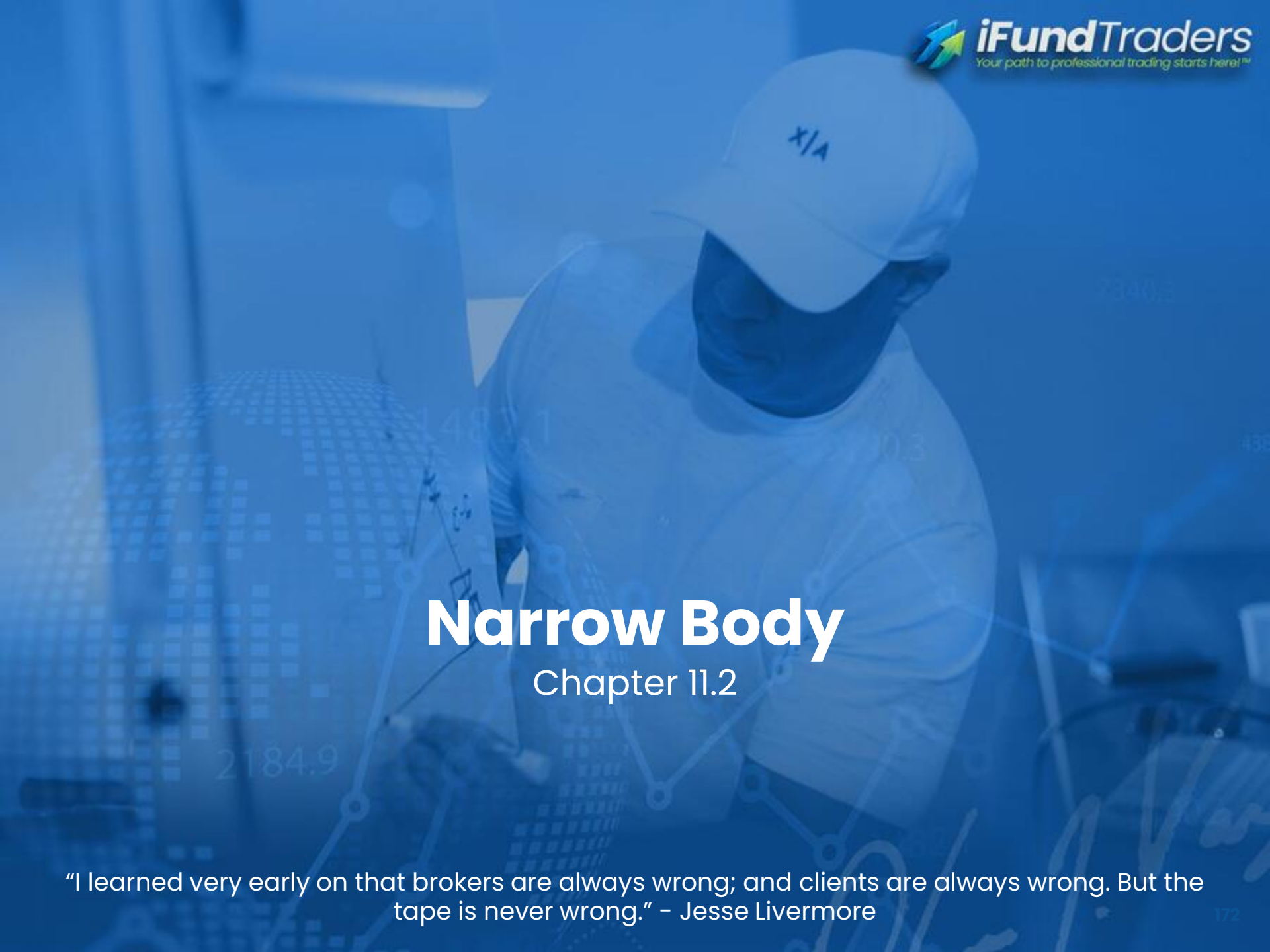
VBS w/ GBR

ESRX 85.830 +0.000
VOL(ESRX) 1,953k
SMA(20,ESRX) 82.582
SMA(200,ESRX) 73.909
Daily Day Chart Express Scripts Inc - ESRX 85.830 AvgVOL 2,972k
20ma
GBR
RBI
200ma
BT
VOL(ESRX) 1,953k



Narrow Body

Chapter 11.2

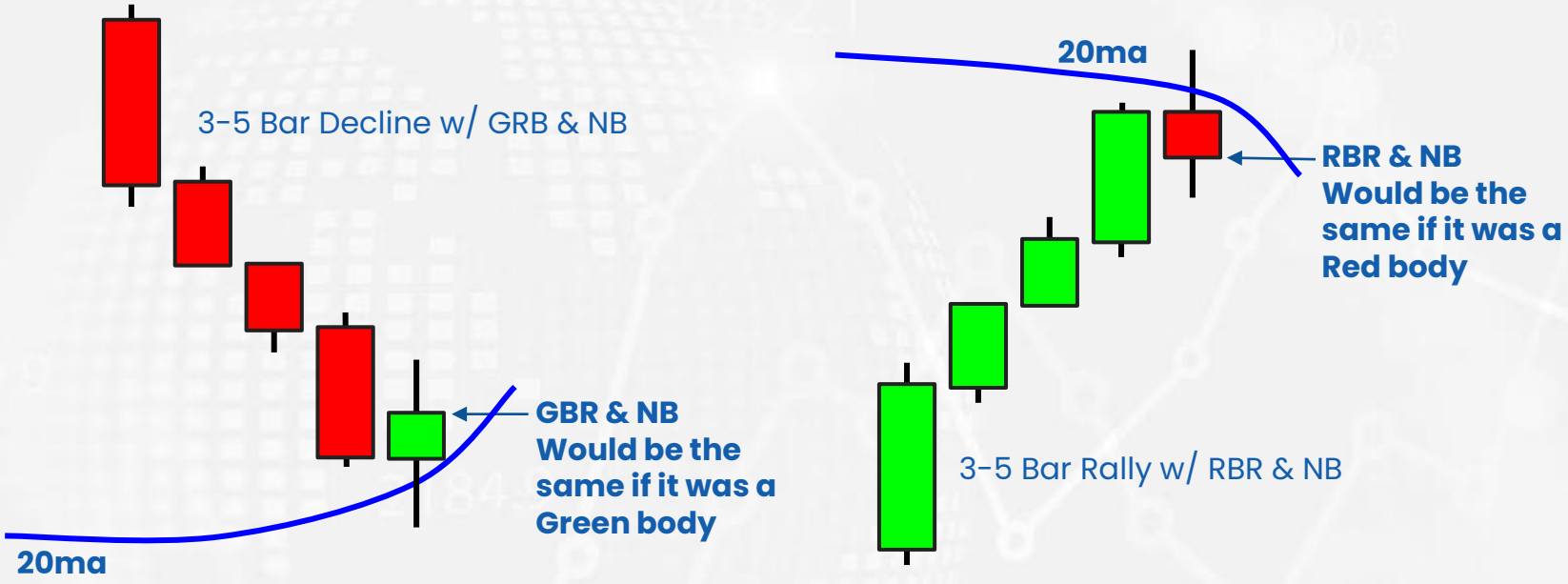
"I learned very early on that brokers are always wrong; and clients are always wrong. But the tape is never wrong." - Jesse Livermore

Narrow Body (NB)

1) Narrow Body Bottom (NBB)

This bar, as a bottoming sign is not quite a potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete.

Tip: Whenever a NB forms after a steady 3 to 5 bar Decline, the odds of a Rally are increased. iFund Traders would look to **Buy** the very next time a previous bar's high is violated. Stops are always placed just below the entry bar or the prior bar's low.



2) Narrow Body Top (NBT)

This bar, as a topping sign is not quite as potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete.

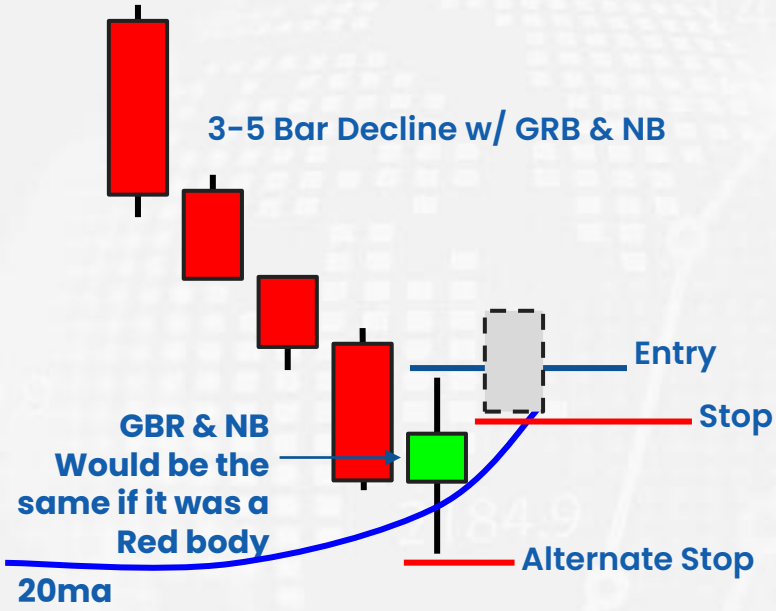
Tip: Whenever a **NB** forms after a steady 3 to 5 bar **Rally**, the odds of a **Decline** are increased. iFund Traders would look to **Short** the very next time a previous bar's low is violated. Stops are always placed just above the entry bar or the prior bar's high.

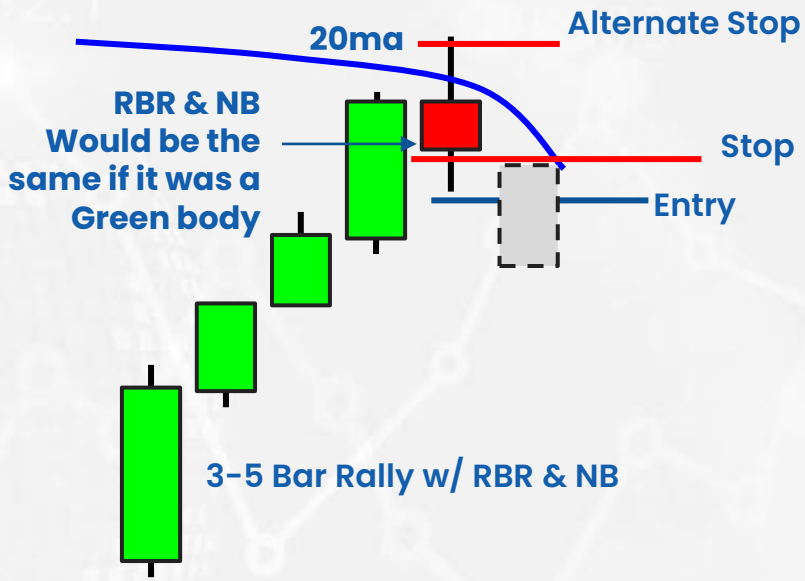
Narrow Body (NB)

1) Narrow Body Bottom (NBB)

This bar, as a bottoming sign is not quite a potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete.

Tip: Whenever a **NB** forms after a steady 3 to 5 bar **Decline**, the odds of a **Rally** are increased. iFund Traders would look to **Buy** the very next time a previous bar's high is violated. Stops are always placed just below the entry bar or prior bar's low.





2) Narrow Body Top (NBT)

This bar, as a topping sign is not quite as potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete.

Tip: Whenever a **NBT** forms after a steady 3 to 5 bar **Rally**, the odds of a **Decline** are increased. iFund Traders would look to **Short** the very next time a previous bar's low is violated. Stops are always placed just above the entry bar or prior bar's high.

Narrow Range Bar

Chapter 11.3

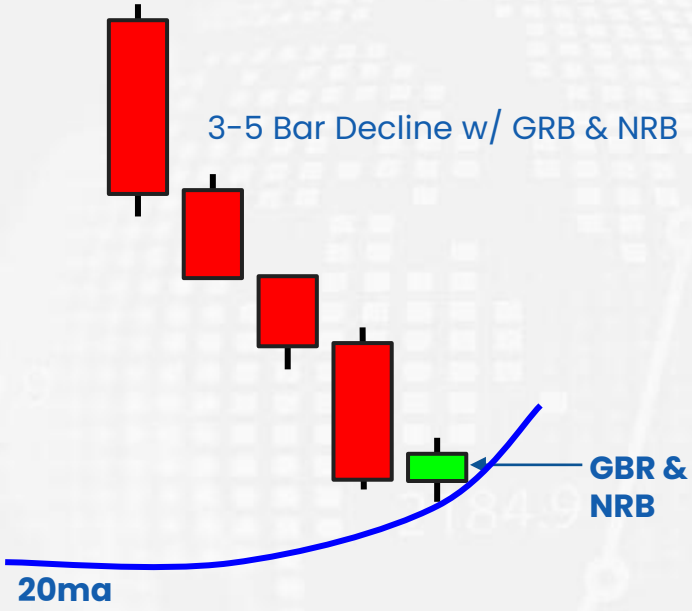
"I learned very early on that brokers are always wrong; and clients are always wrong. But the tape is never wrong." - Jesse Livermore

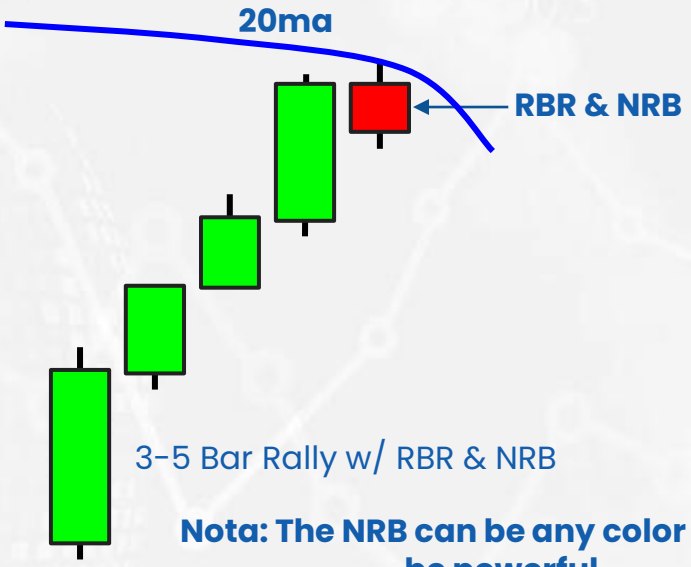
Narrow Range Bar (NRB)

1) Narrow Range Bottoming Bar (NRB)

This bottoming sign is one of my personal favorites. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The NRB makes for very tight stops. Secondly, the market's biggest moves tend to ignite from its smallest bars. Remember this.

Tip: Whenever a **NRB** forms after a steady 3 to 5 bar **Decline**, the odds of an explosive **rally** are greatly increased. iFundTraders would look to **buy** the very next time a previous bar's high is violated. Stops are placed just below the low of the NRB.





Nota: The NRB can be any color and still be powerful

2) Narrow Range Topping Bar (NRB)

This topping sign is one of my personal favorite. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The NRB makes for very tight stops. Secondly, the market's biggest moves tend to ignite from its smallest bars. Remember this.

Tip: Whenever a **NRB** forms after a steady 3 to 5 bar **Rally**, the odds of a violent decline are greatly increased. iFund Traders would look to **Short** the very next time a previous bar's low is violated. Stops are always placed just above the high of the **NRB**.

Narrow Range Bar (NB)

1) Narrow Range Bottoming Bar (NRB)

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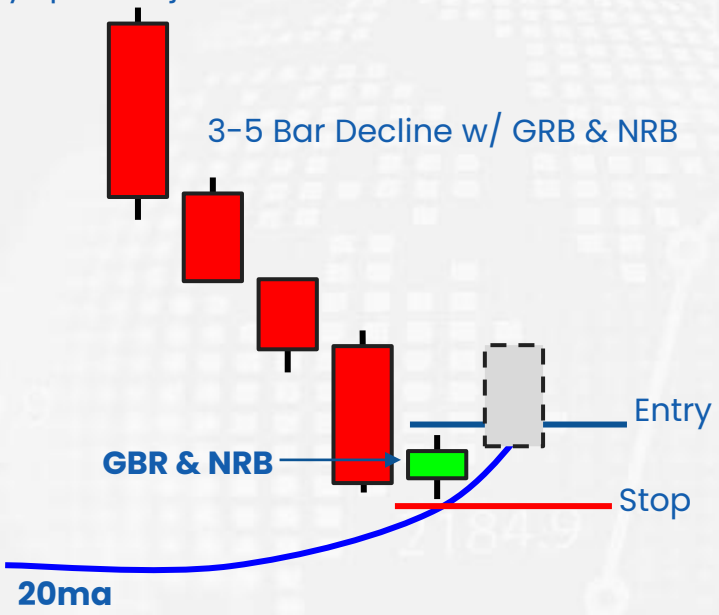
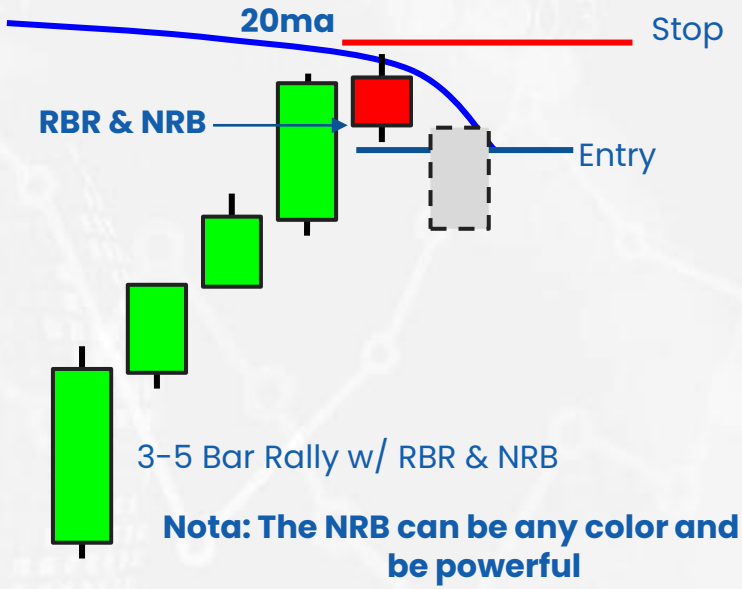
Tip: Whenever a **NRB** forms after a steady 3 to 5 bar **Decline**, the odds of an explosive **Rally** are greatly increased. iFund Traders would look to **Buy** the very next time a previous bar's high is violated. Stops are always placed just under the low of the **NRB**.





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Tip: Whenever a **NRB** forms after a steady 3 to 5 bar **Rally** the odds of a violent Decline are greatly increased. iFund Traders would look to **Short** the very next time a previous bar's low is violated. Stops are always placed just above the high of the **NRB**.

Bottoming Tail & Topping Tail

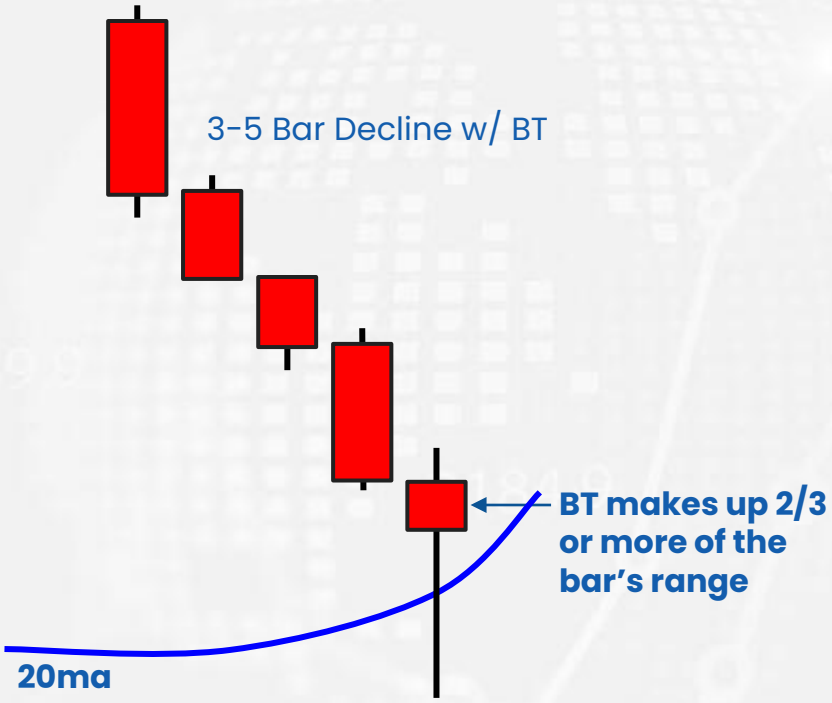
Chapter 11.4

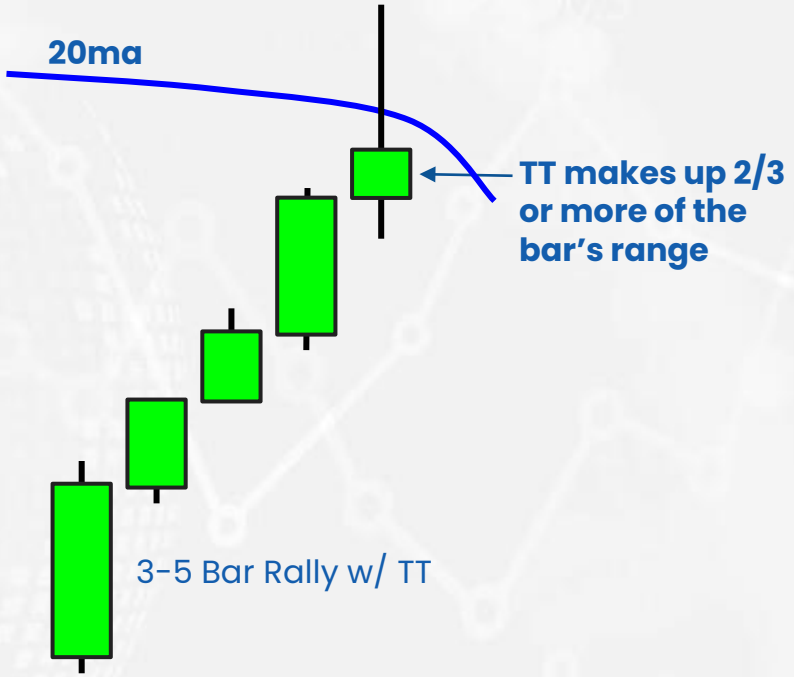
"I learned very early on that brokers are always wrong; and clients are always wrong. But the tape is never wrong." - Jesse Livermore

Bottoming Tail (BT) & Topping Tail (TT)

1) Bottoming Tail (BT)

This bottoming sign is one of the most compelling in existence. Whenever a **BT** forms after a steady 3 to 5 bar decline, a bottom is almost eminent. iFund Traders would look to buy if the tail represents 2/3 or more of the bar's range and/or the very next time a previous bar's high is violated.





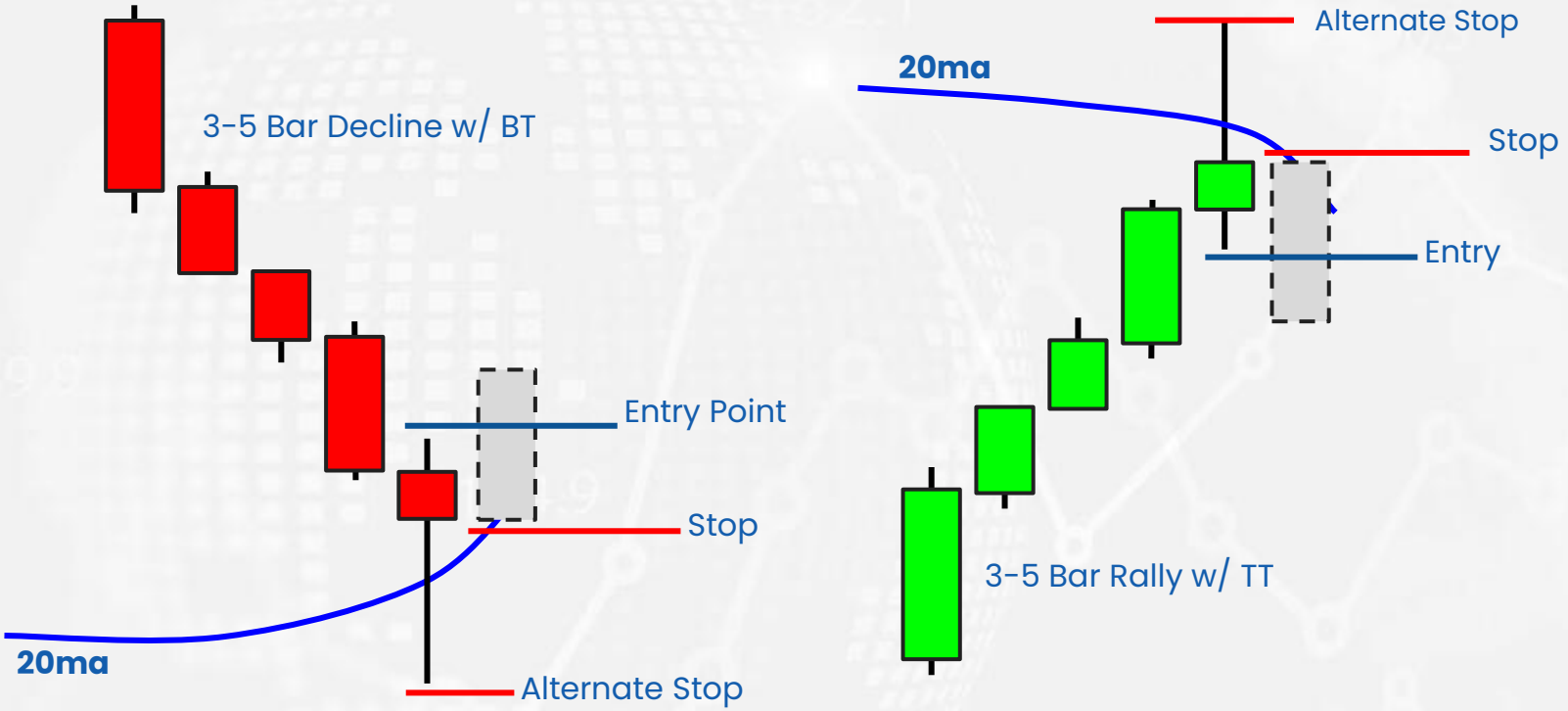
2) Topping Tail (TT)

This topping sign is one of the most compelling in existence from the **sell** side. Whenever a TT forms after a steady 3 to 5 bar **rally**, a top is almost eminent. iFund Traders would look to short if the tail represents 2/3 of the bar's range and/or the very next time a previous bar's low is violated.

Bottoming Tail (BT) & Topping Tail (TT)

1) Bottoming Tail (BT)

This bottoming sign is one of the most compelling in existence. Whenever a BT forms after a steady 3 to 5 bar **decline**, a bottom is almost eminent. iFundTraders would look to **buy** if the tail represents 2/3 or more of the bar's range and/or the very next time a previous bar's high is violated.



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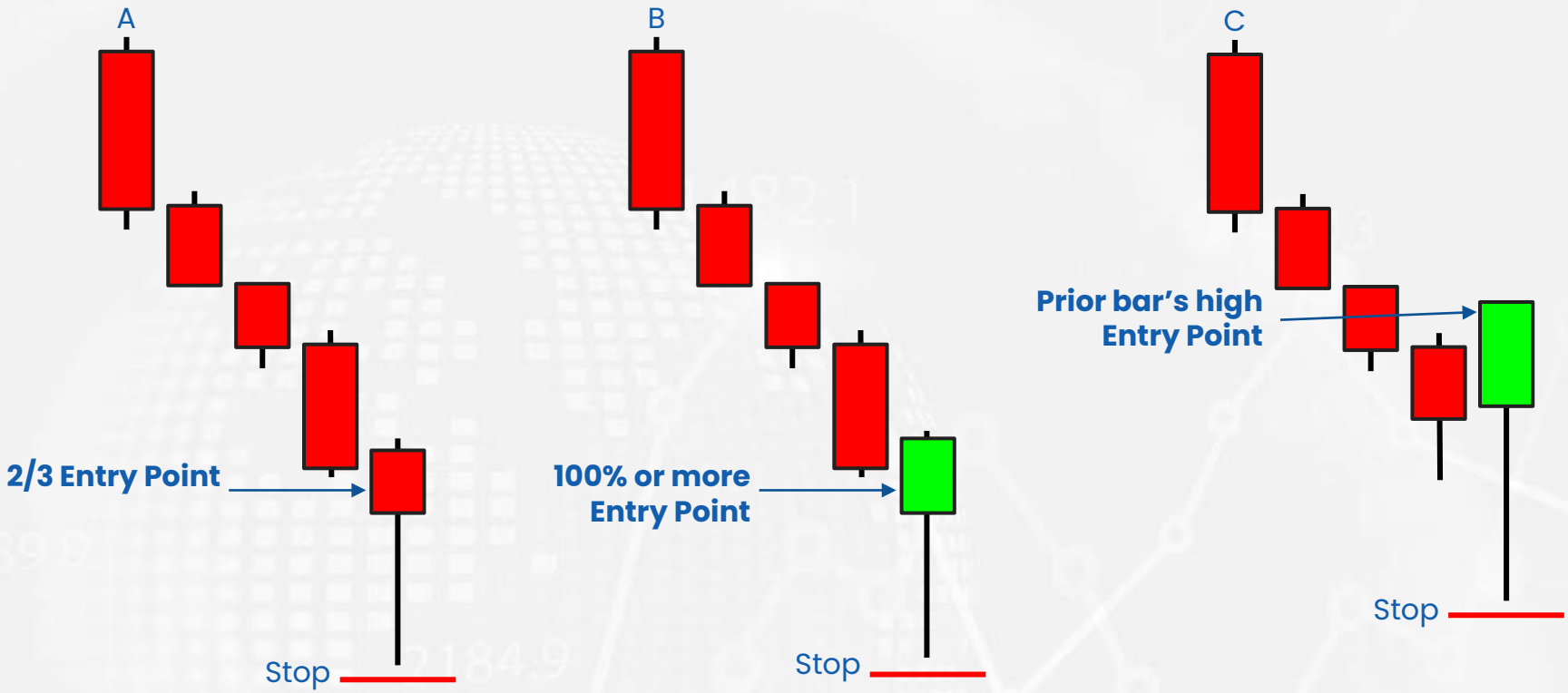
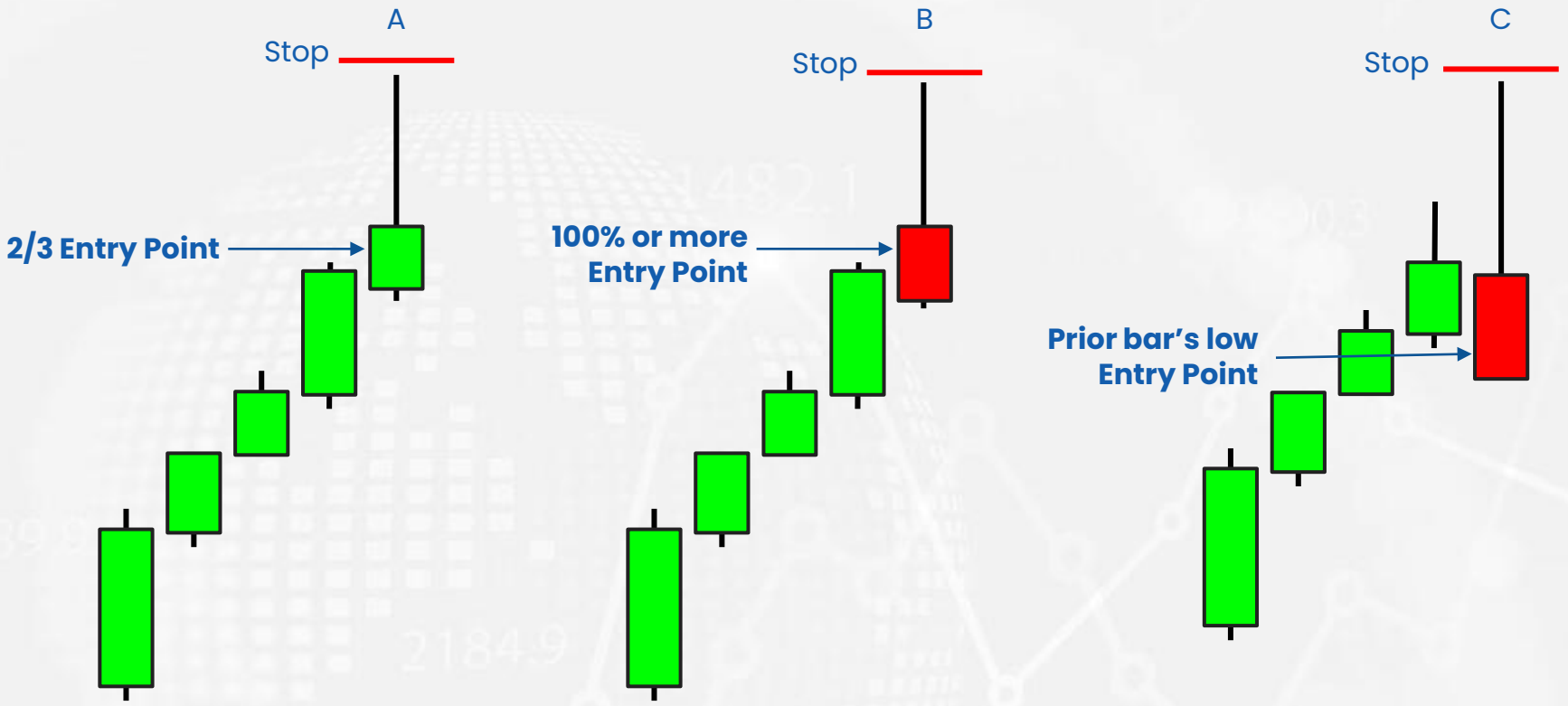
Playing (BT) as a TRIGGER



Examples A and B
When the BT bar is going to be used as a trigger and is somewhere in formation between the 2/3 retracement up to and including 100% or more retracement, but has not yet cleared the prior bar's high the rules for TIME IN FORMATION must be followed.

Example C
When the BT has cleared a prior bar's high the rules for TIME IN FORMATION can be ignored

Playing (TT) as a TRIGGER



Examples A and B
When the **TT** bar is going to be used as a trigger and is somewhere in formation between the 2/3 retracement up to and including 100% or more retracement, but has not yet cleared the prior bar's low, the rules for TIME IN FORMATION must be followed.

Example C
When the **BT** has cleared a prior bar's low the rules for TIME IN FORMATION can be ignored.

TIME IN FORMATION (TIF)

One Minute • There is no early entry for TIF, the bar must be completed.

Two Minute • There is no early entry for TIF, the bar must be completed.

Five Minute • The bar must be 4:52 or more before a TIF entry can be taken.

Fifteen Minute • The bar must be 14:30 or more before a TIF entry can be taken.

Sixty Minute • The bar must be 57:00 or more before a TIF entry can be taken.

VBS with **BT**

The flat 200ma offers iFundTraders some of the most reliable opportunities in existence. When the 200ma is flat, its power as support or resistance is unrivaled. Note the BT on the VBS.

The Power of the **BT**

This chart demonstrates the power of the bottoming tail (BT), even in the midst of a strong downtrend. Later in the course, you will come to learn that this set-up is a near perfect countertrend **CLIMATIC DECLINE BUY.**

The Power of the **BT**

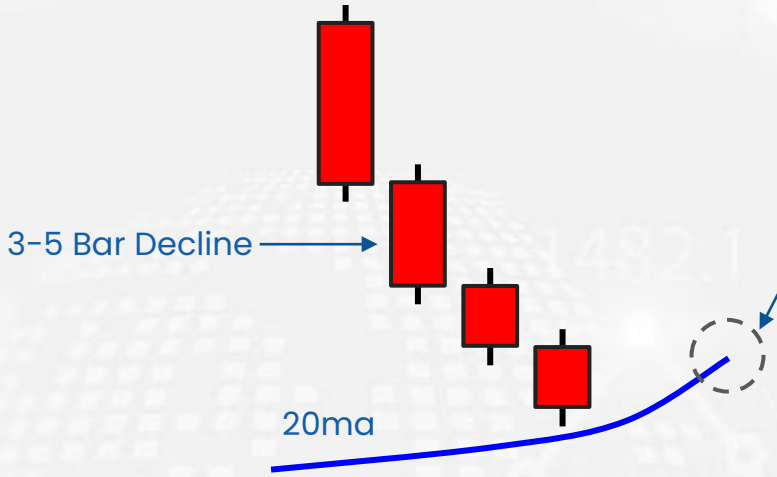
Bottoming & Topping Tails

Tails are powerful no matter what trend they occur in; however, playing them in sync with the current trend makes for extraordinary high-odds" trading.

The 7 Buy and Sell Reversal Signs

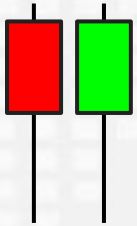
Chapter 11.5

7 Buy Reversal Signs

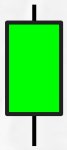


Any one of the 7 reversal bars below here marks a strong enough sign to prepare to **buy** on the next "confirming trigger"

Plus any of the iFund Traders Bottoming Signs:

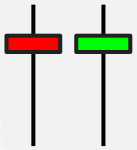


Bottoming Tail



Green Bar Reversal

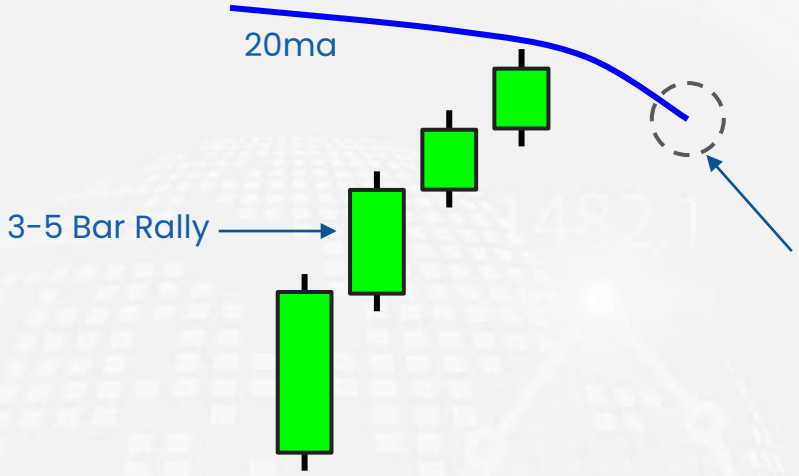
Narrow Range Bar



Narrow Body Bar

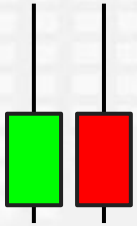
iFund Traders will only **buy** a 3 to 5 bar **dip** if its accompanied by one of the 7 major reversal signs.
Each of the above reversal signs signifies that the **bears**, who were in control during the 3 to 5 bar **decline**, have just lost it to the **bulls**. In other words, a major shift in the balance of power has occurred if any one of these signs follows a 3 to 5 bar **decline**.

7 Sell Reversal Signs



Anyone of the 7 reversal bars below here marks a strong enough sign to prepare to **sell / short** on the next "confirming trigger".

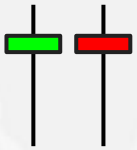
Plus any of the iFund Traders Topping Signs:



Bottoming Tail

Green Bar Reversal

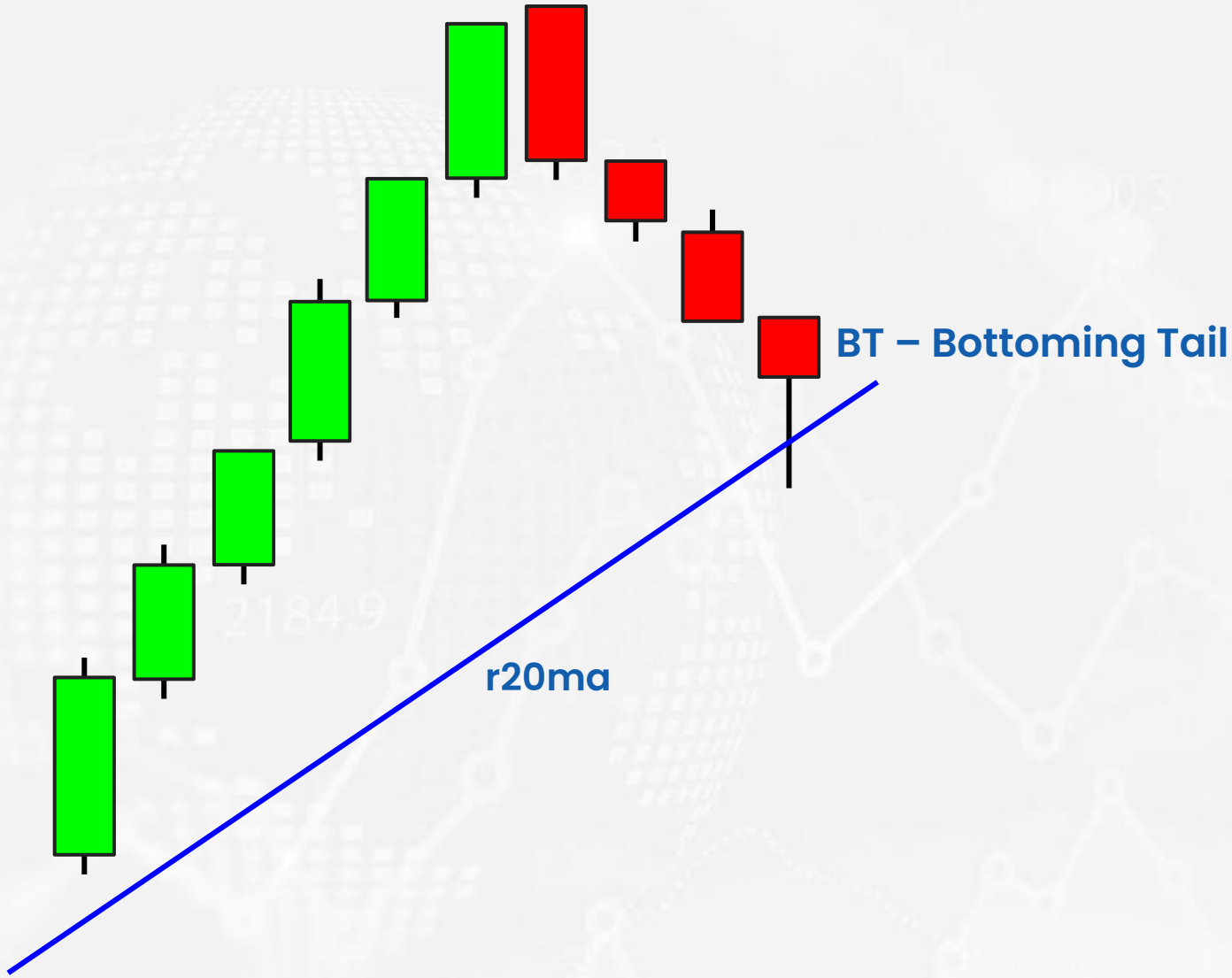
Narrow Range Bar



Narrow Body Bar

iFundTraders will only **short** a 3 to 5 bar rally if its accompanied by one of the 7 major reversal signs. Each of the above topping signs signifies that the **bulls**, who were in control during the 3 to 5 bar decline, have just lost it to the **bears**. In other words, a major shift in the balance of power has occurred if any one of these signs follows a 3 to 5 bar **decline**.

7 BUY Reversal Signs



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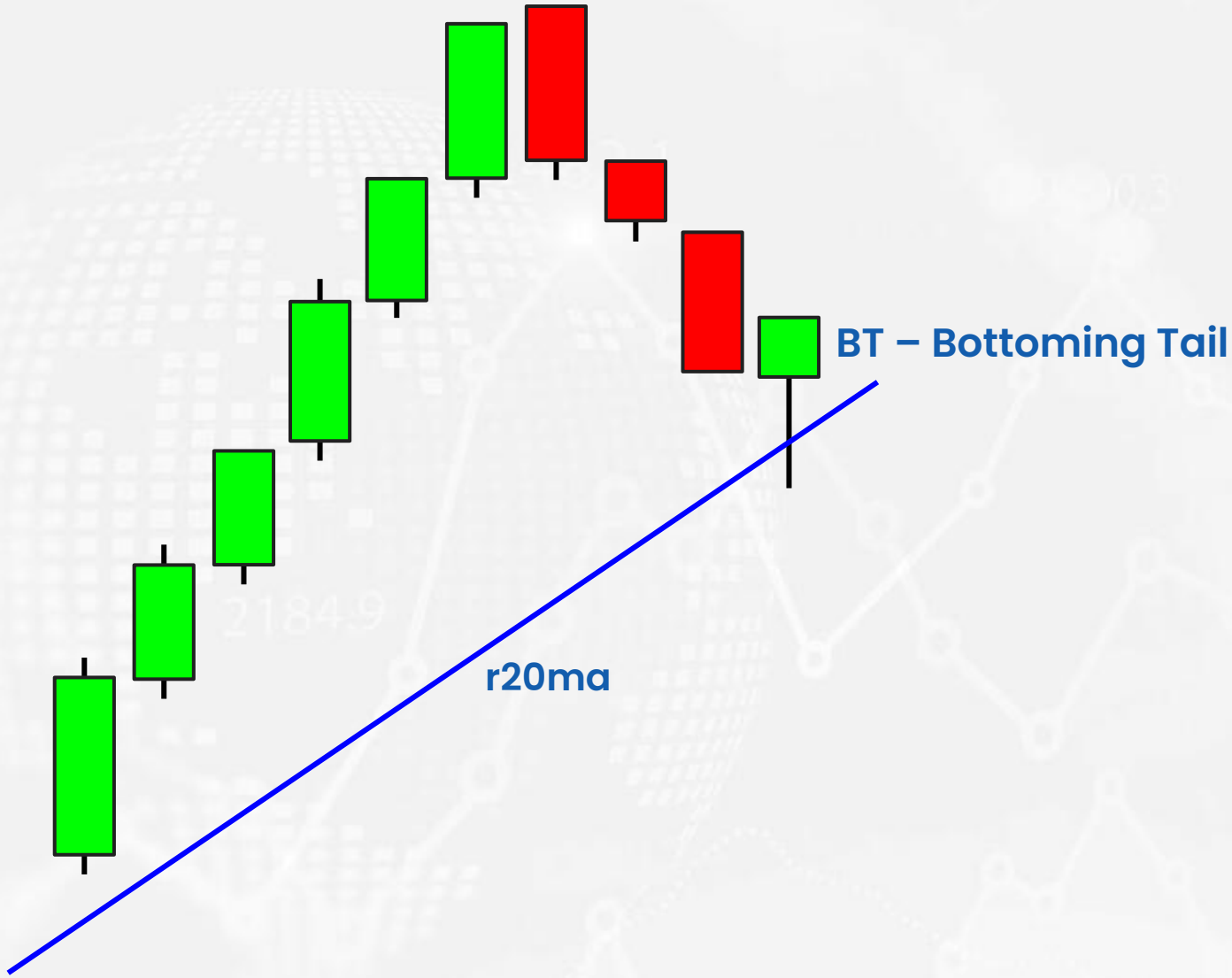

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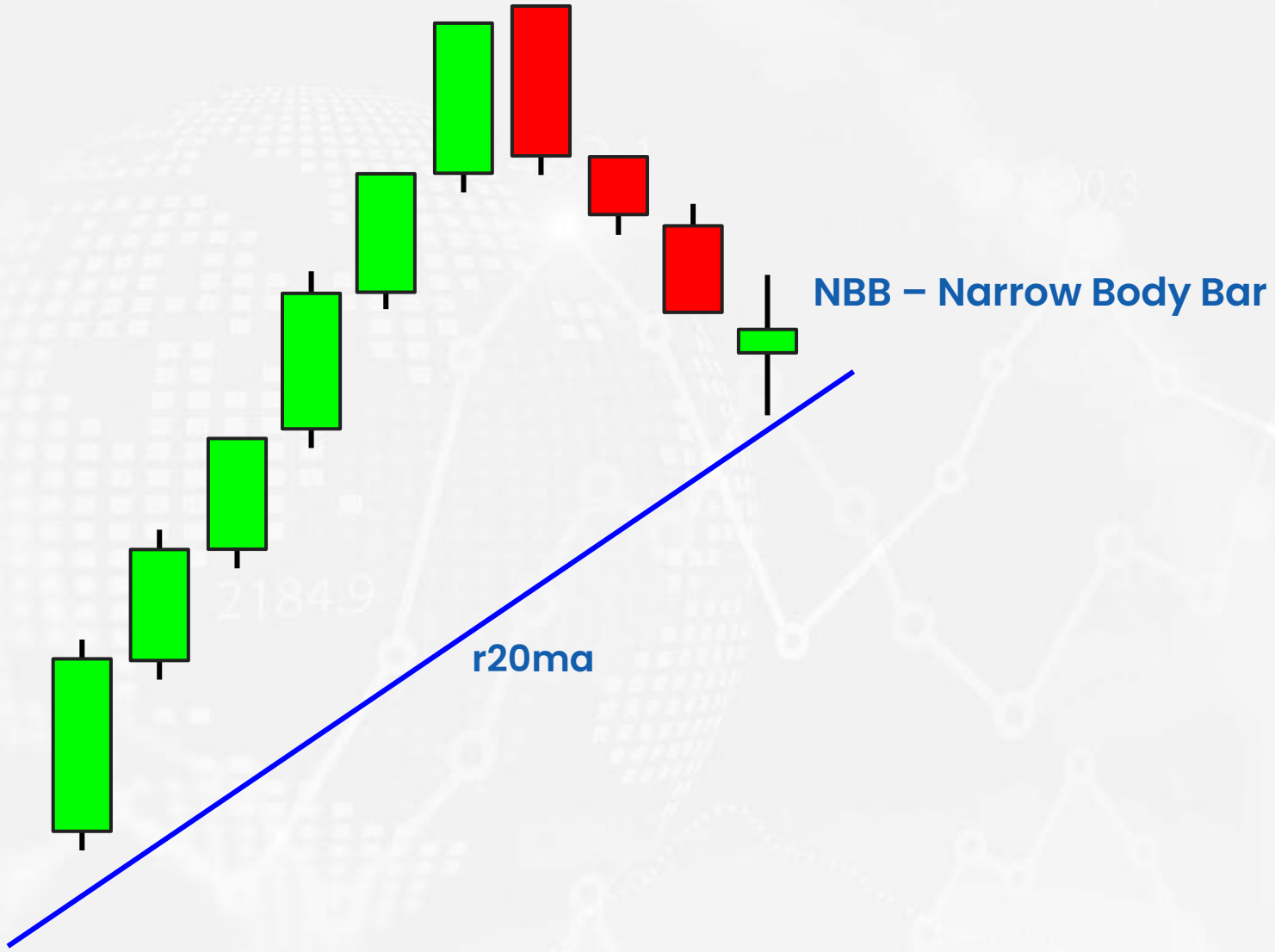

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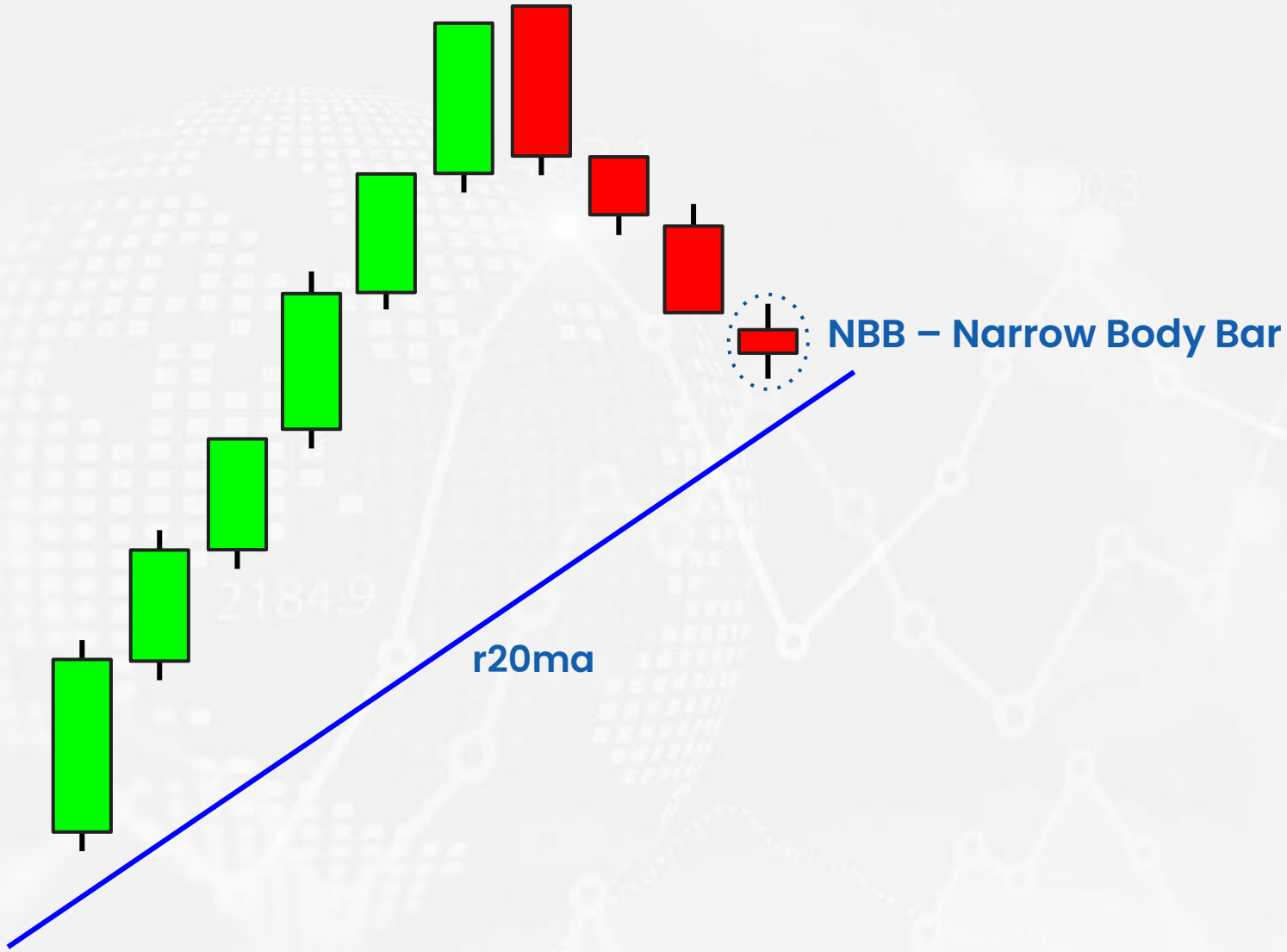

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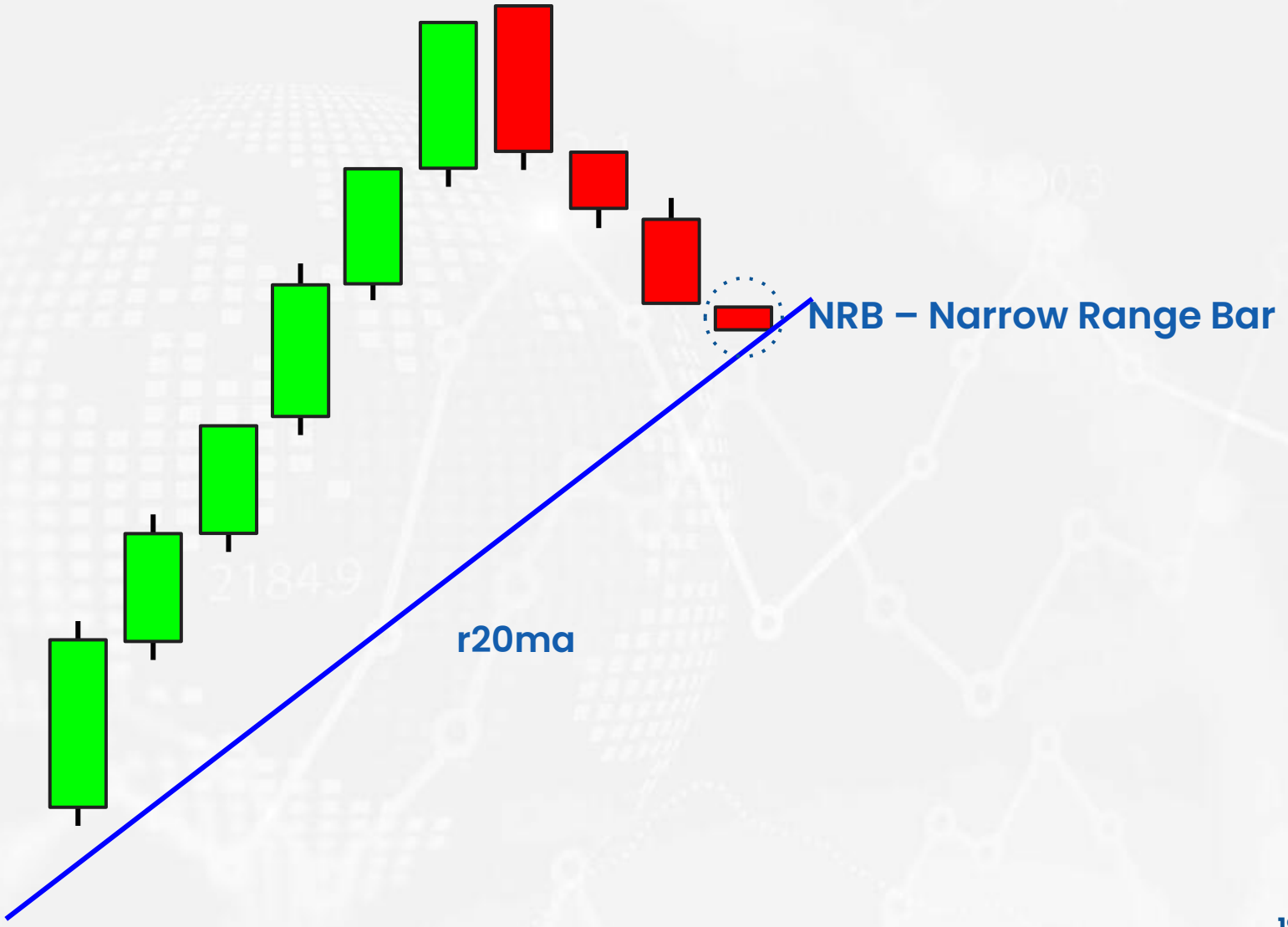

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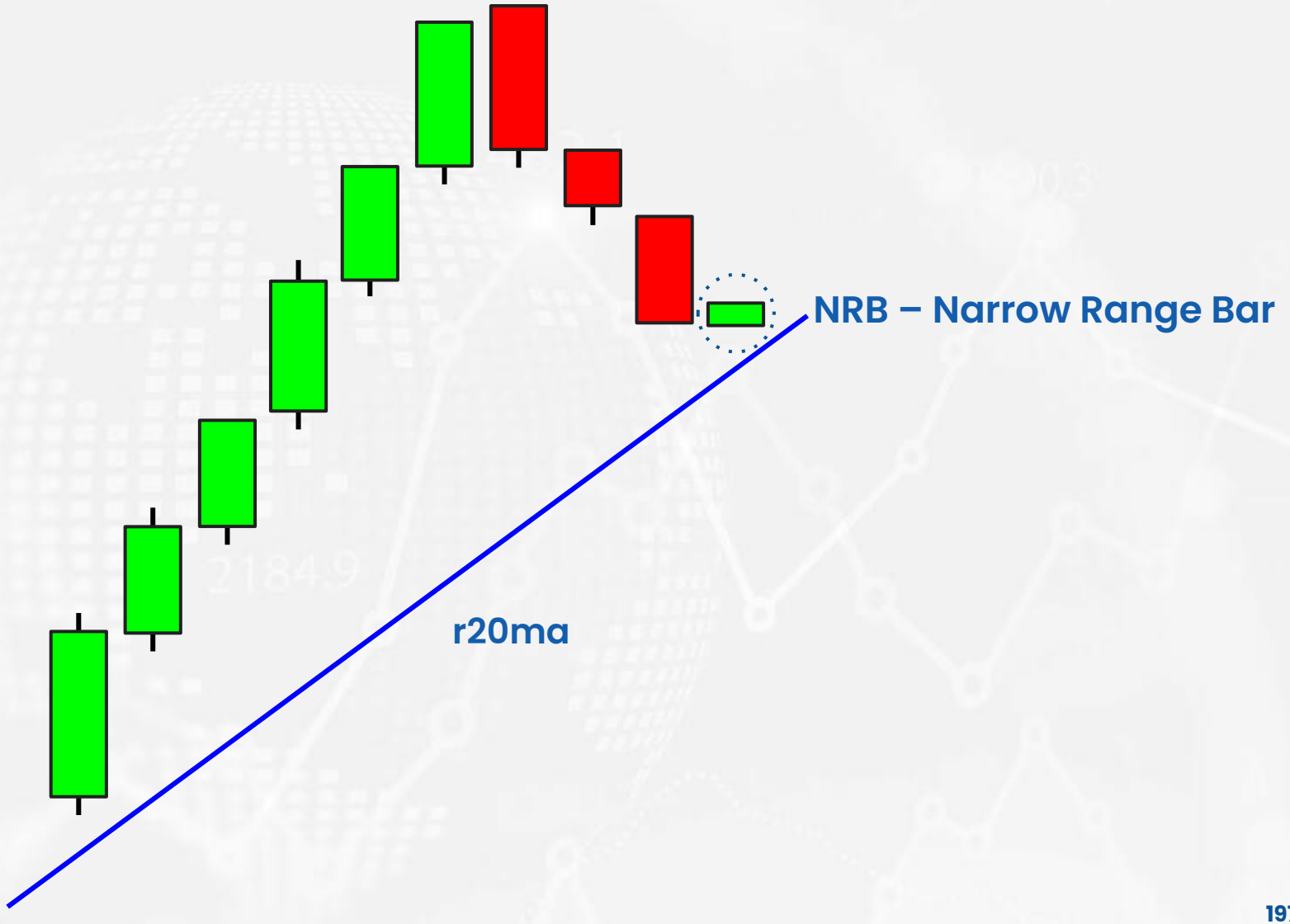
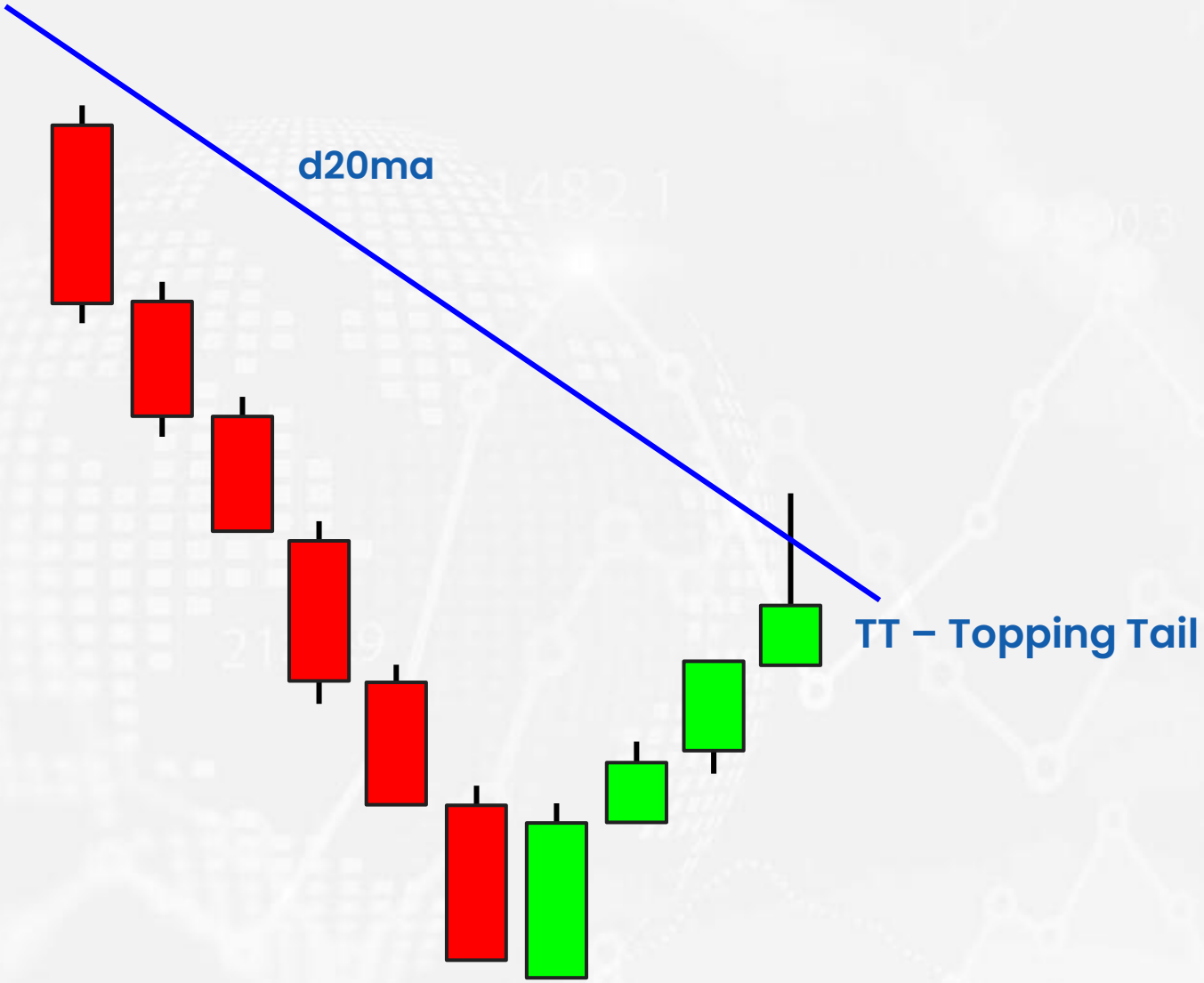


7 SELL Reversal Signs



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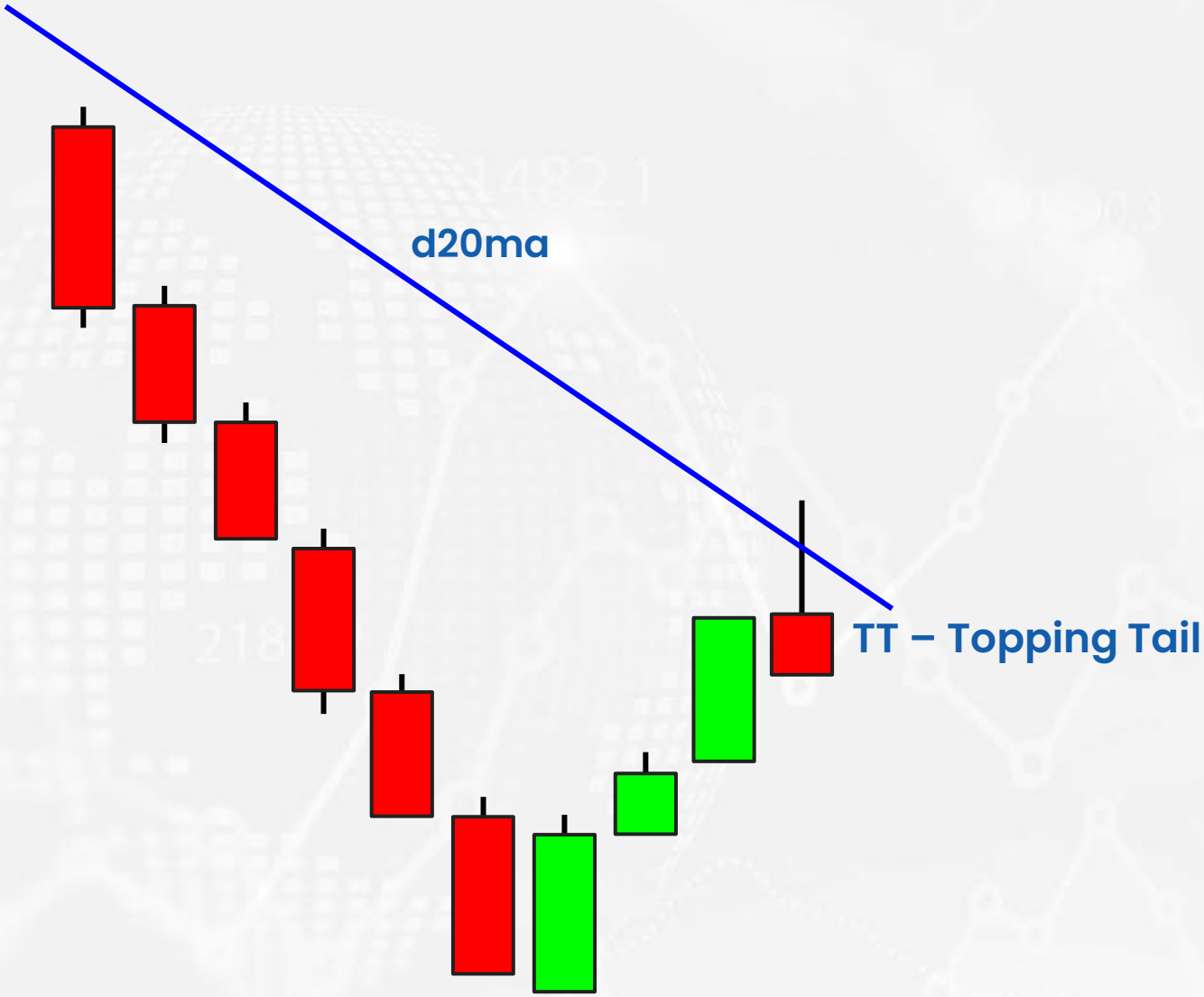

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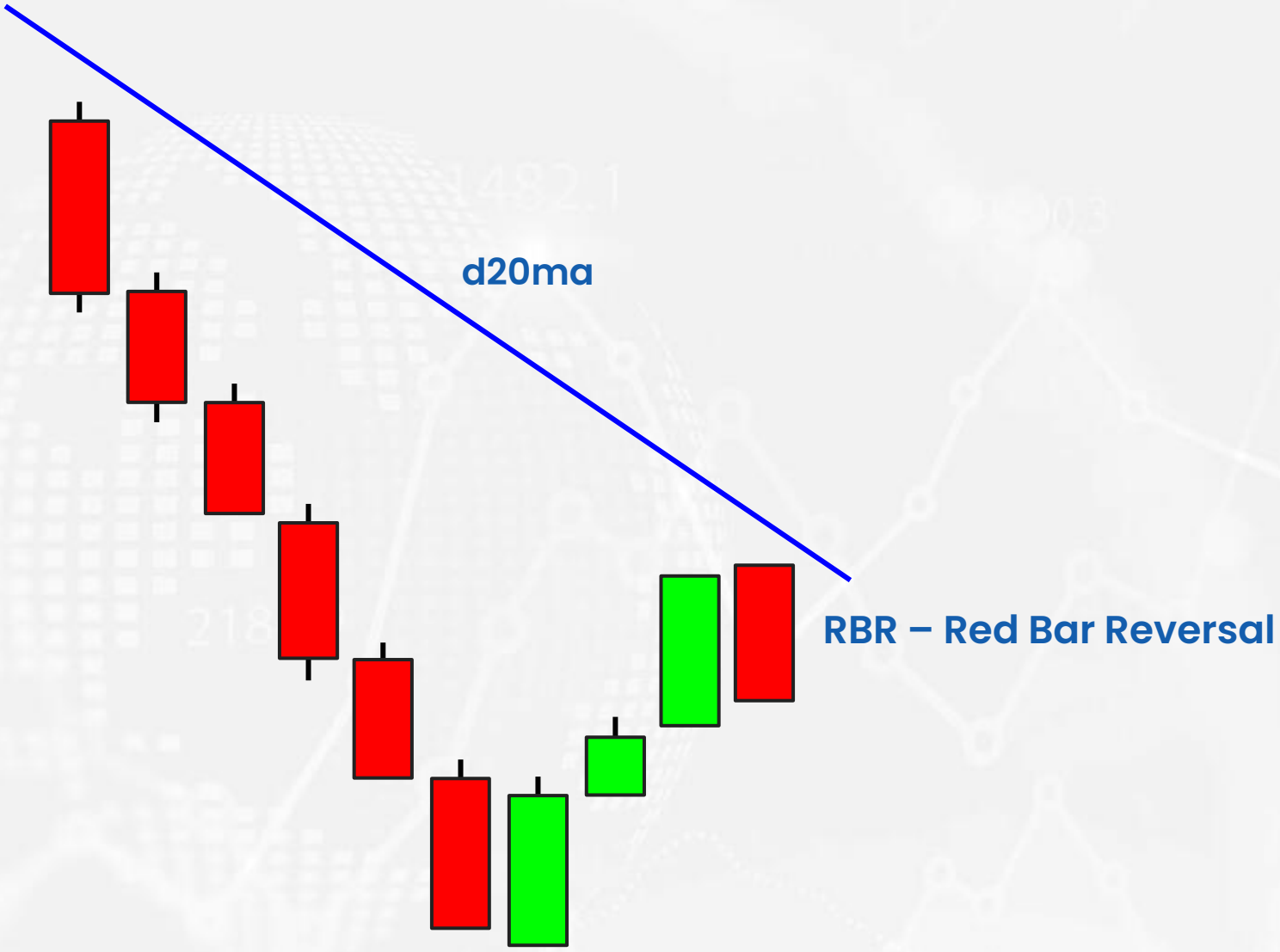
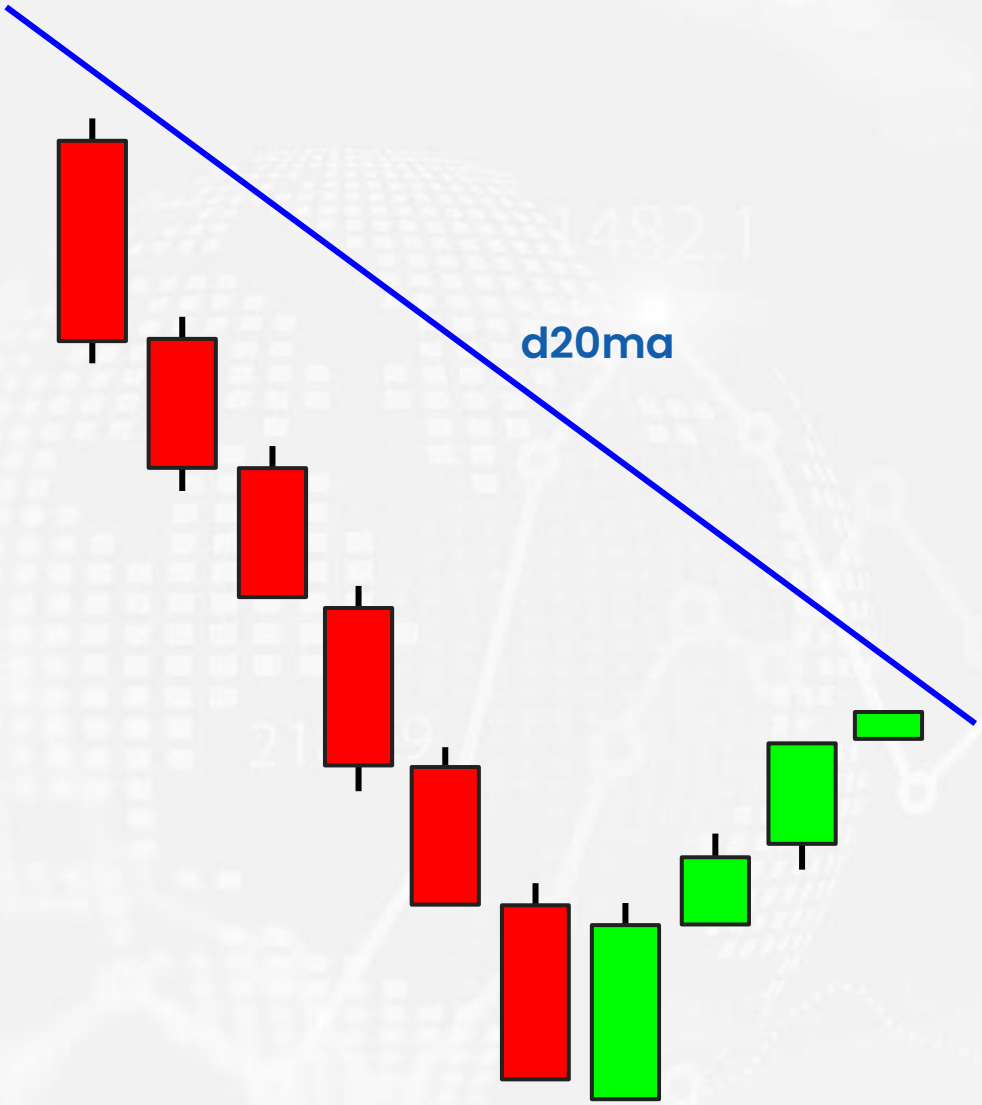
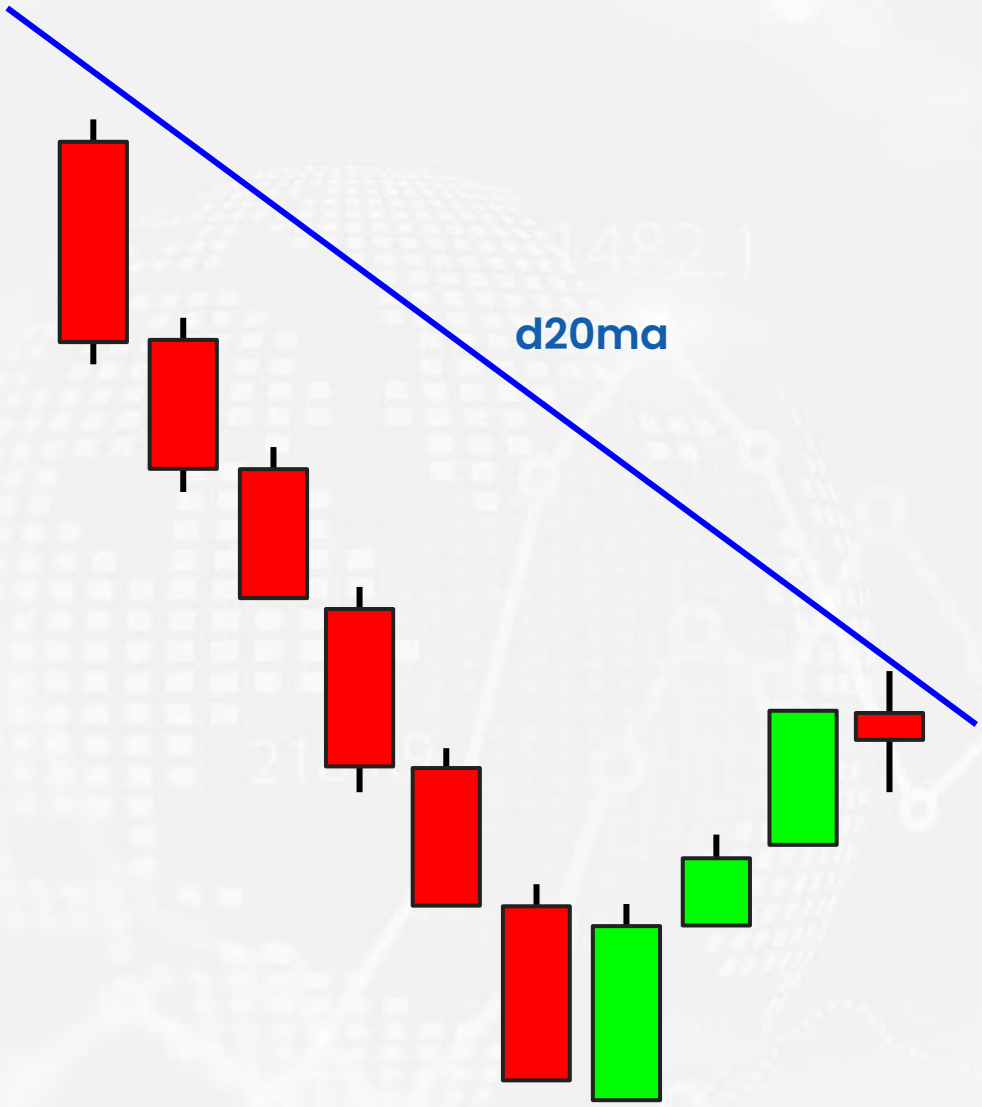


7 SELL Reversal Signs

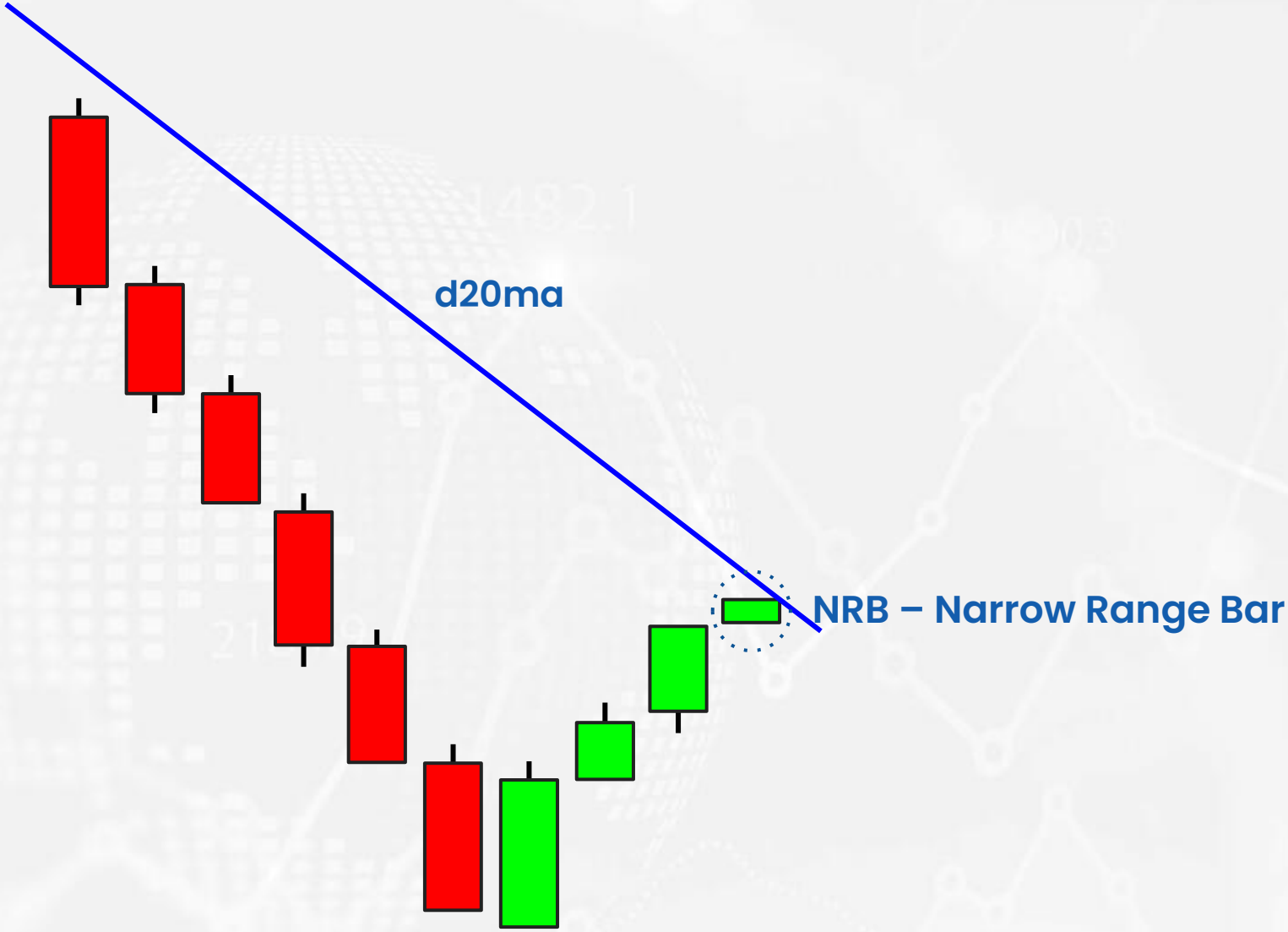


7 SELL Reversal Signs

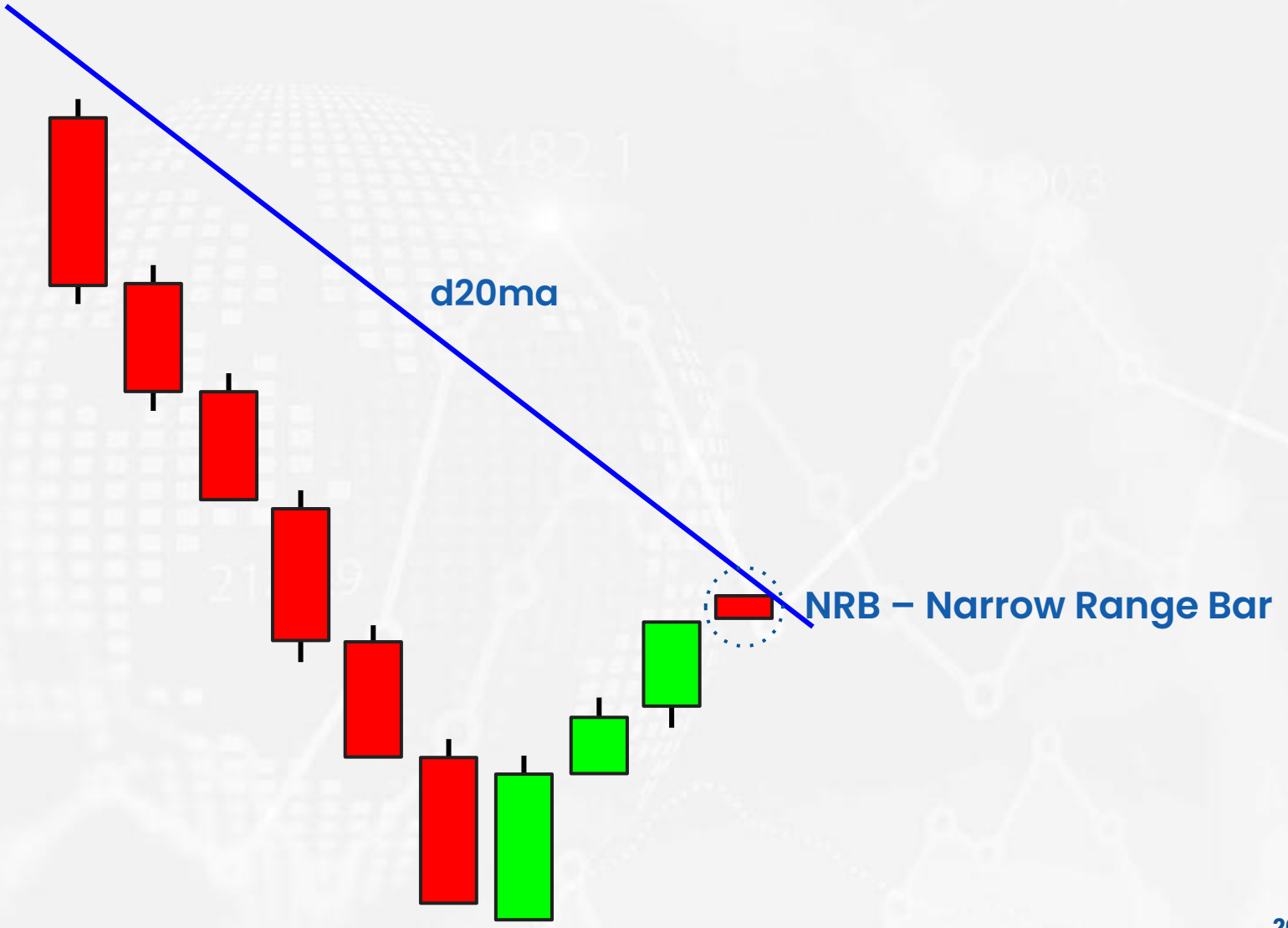


NBB – Narrow Body Bar

7 SELL Reversal Signs



7 SELL Reversal Signs



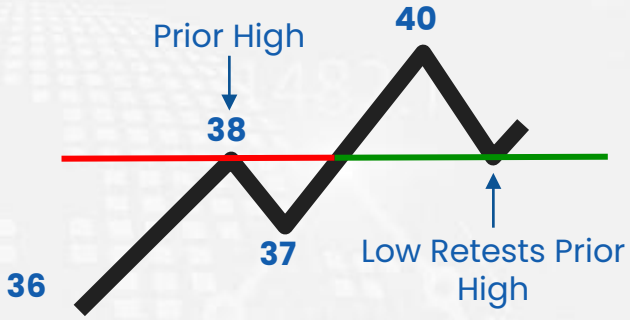
The Location Items

Support & Resistance Points

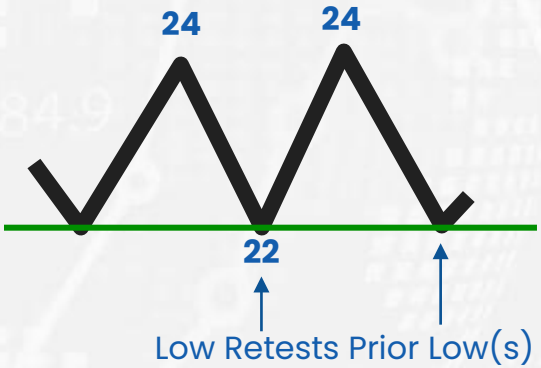
Chapter 12

Price Support Types

1) Prior High Support
This form of support occurs when a current low (dip) revisits or retests a prior high/peak. Often, this support point coincides with the 50% retracement level.



2) Prior Low Support
This form of support occurs when a current low (dip) revisits or retests a prior low. In essence, this is a 100% retracement of the prior **rally**.

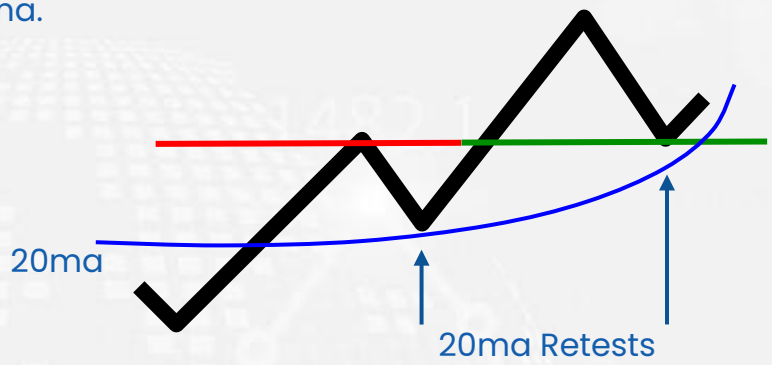


iFundTraders Buy Rule #1
Any of the four iFundTraders Bottoming Signs that occur at or near these support points have very high odds of success. Limit all your buys to some area of price support.

MA Support Types

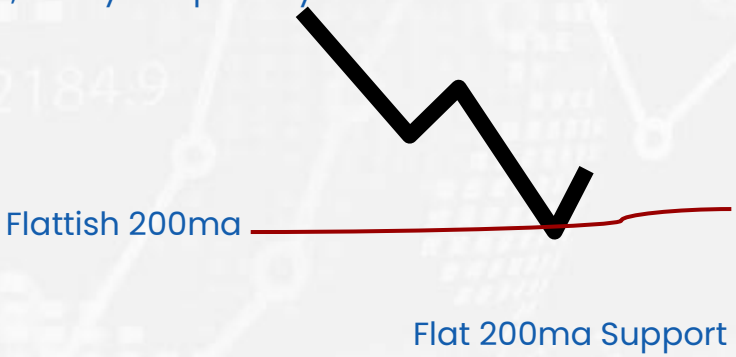
3) Trending Moving Average Support

This form of support occurs when an up trending stock pulls back to or near the rising 20ma or 8ma and stabilizes (forms one of the four bottoming signs). Often, this support point becomes stronger after the first successful rebound off the r20ma.



4) Flat Moving Average Support

This form of support usually occurs when there is a flat 200ma beneath the price. It is not often that a stock falling back to a flat 200ma fails to at least stall for a period of time. The first move to a flat 200ma will usually result in some form of rebound, if only temporarily.



Flat 200ma Support

iFundTraders Buy Rule #2:

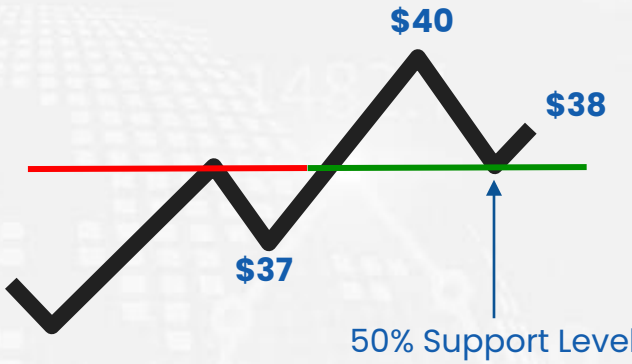
Any of the four iFund Traders Bottoming Signs that occur at or near these MA support points have very high odds of success. Limit your **Buys** to some form of MA support.

Retracement Support Types

5) 55% Retracement Support

This form of support occurs when an up trending stock gives back about ½ of its recent gain, then stabilizes (forms one of the four bottoming signs).

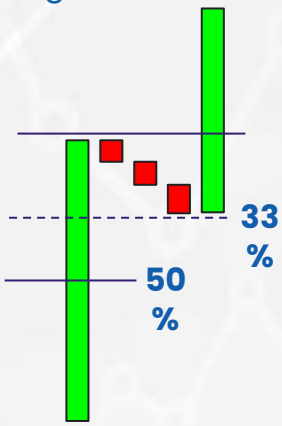
Tip: The 55% Retracement Level often coincides with Prior High Price Support. When it does, the 50% Support Level is even more solid.



6) 33% Retracement Support

This form of support occurs when an up trending stock mildly gives back only 1/3 of its recent gain, then stabilizes (forms one of the four bottoming signs).

Tip: The 33% Retracement Level, while more minor than its 50% brother, it signifies that there is very high demand for the shares.

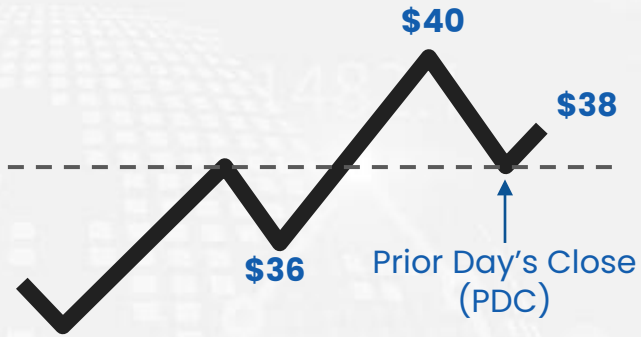


iFund Traders Buy Rule #3:

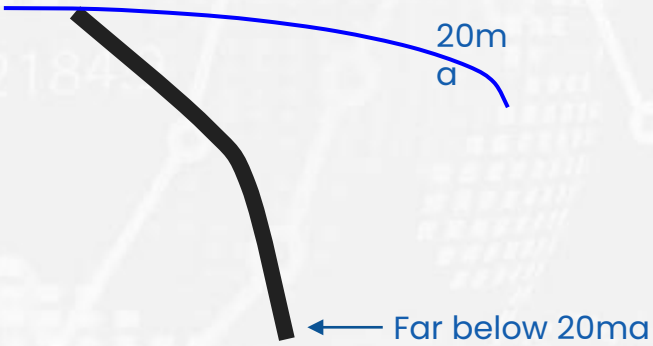
Any of the four iFund Traders Bottoming Signs that occurs at or near these Retracement areas have very high odds of success. Limit your **Buys** to one of them.

Specialty Support Types

7) Prior Day Close Support (+PDC)
This form of support occurs quite often, as the prior closing price of a stock is heavily remembered by traders and investors. If and when a stock rises above yesterday's close, and subsequently **Dips** back to it intra-day, a bounce of some kind is very likely if it stabilizes (forms one of the four bottoming signs).



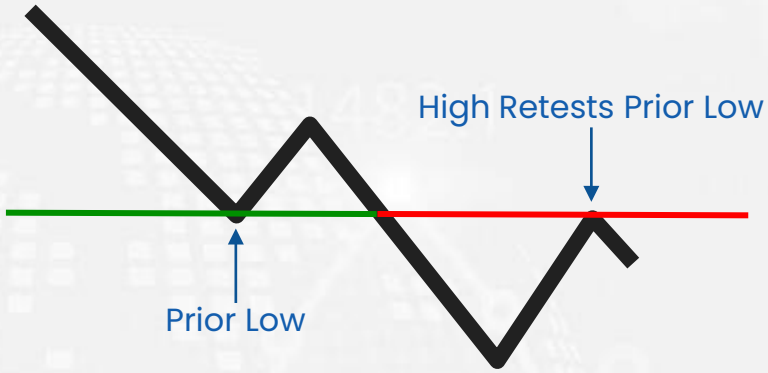
8) Far Below 20ma Support
This form of support is powerful but somewhat subjective. If a stock gets extended too far below the 20ma, the odds of a strong rebound become very high. If any one of the four reversal/bottoming signs occur after a stock has dropped far below its 20ma, iFund Traders look for a sharp **Rally**. We cover more of this concept in a future chapter.



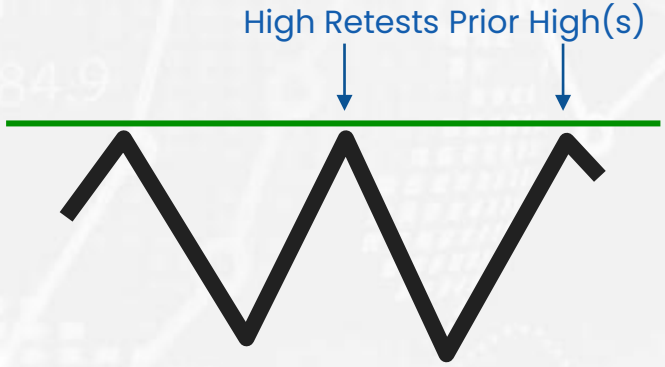
iFund Traders Buy Rule #4:
Any of the four iFund Traders Bottoming Signs that occurs at or near these locations/areas have very high odds of success. Limit your **Buys** to one of them.

Price Resistance Types

1) Trending Price Resistance
This form of resistance occurs when a current high (**Rally**) revisits or retests a prior low/dip. Often, this resistance point coincides with the 50% retracement level.



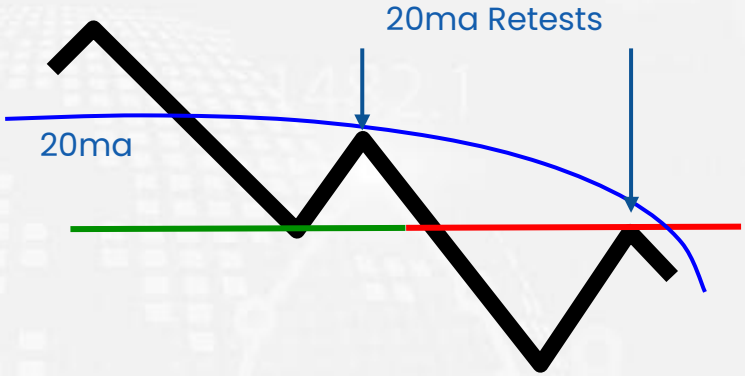
2) Prior High Resistance
This form of support occurs when a current high (**Rally**) revisits or retests a prior high. In essence, this is a 100% retracement of the prior Decline.



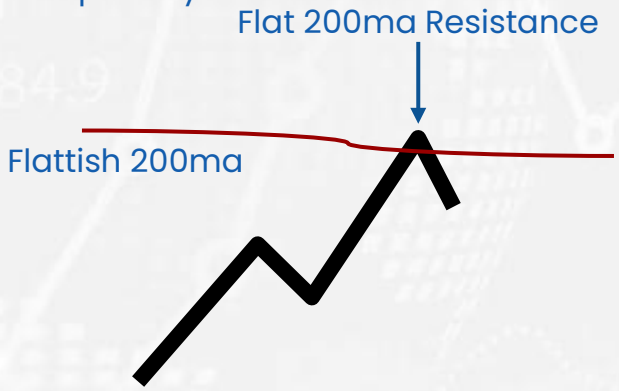
iFund Traders Short Rule #1:
Any of the four iFund Traders Topping Signs that occur at or near these resistance points have very high odds of success. Limit your Shorts to some form of Price Resistance.

MA Resistance Types

3) Trending Moving Average Resistance
This form of resistance occurs when a down trending stock **Rallies** back to or near the Declining 20ma or 8ma and stabilizes (forms one of the four topping signs). Often, this resistance point becomes stronger after the first successful **Decline** off the d20ma.



4) Flat Moving Average Resistance
This form of resistance usually occurs when there is a flat 200ma above the price. A stock that rises to a flat 200ma will rarely fail to experience some form of resistance. The first move to a flat 200ma will usually result in some form of price lapse, if only temporarily.



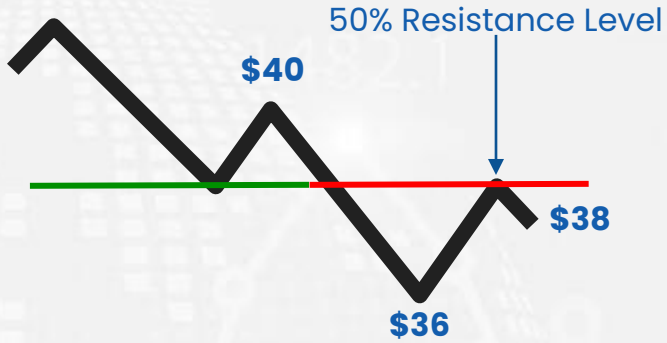
iFund Traders Short Rule #2:
Any of the four iFund Traders Topping Signs that occur at or near these MA resistance points have very high odds of success. Limit your **Shorts** to these MA areas.

% Resistance Types

5) 55% Retracement Resistance

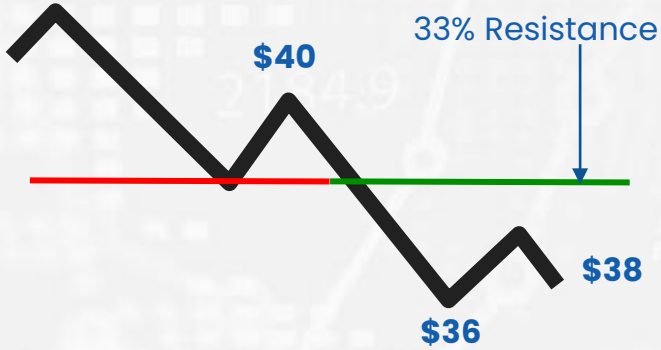
This form of resistance occurs when a down trending stock Rallies back about ½ up its recent decline, then stabilizes (forms one of the four topping signs).

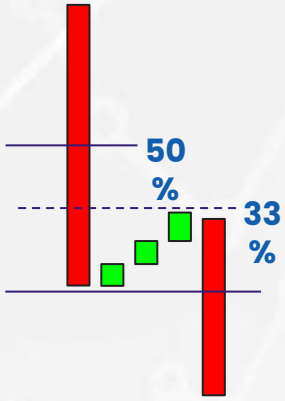
Tip: The 55% Retracement Level often coincides with Prior Low Price Resistance. When it does, the 55% Resistance Level is even more solid.



6) 33% Retracement Resistance

This form of resistance occurs when a down trending stock **rallies** back to its down trend line and stabilizes. The down trend line often coincides with 20ma resistance, and like many other forms of resistance, it can coincide with other forms of resistance, like Prior Low, Moving Average and the 50% level.



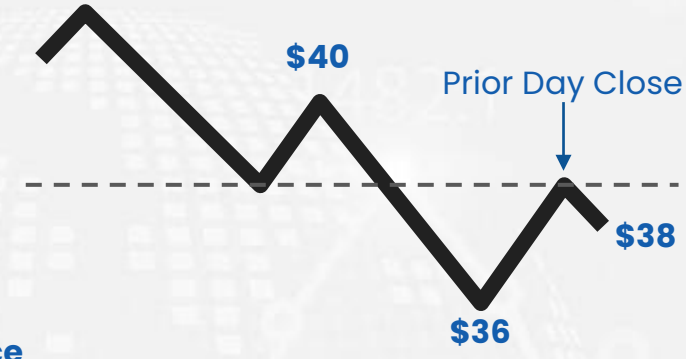


iFund Traders Buy Rule #3:

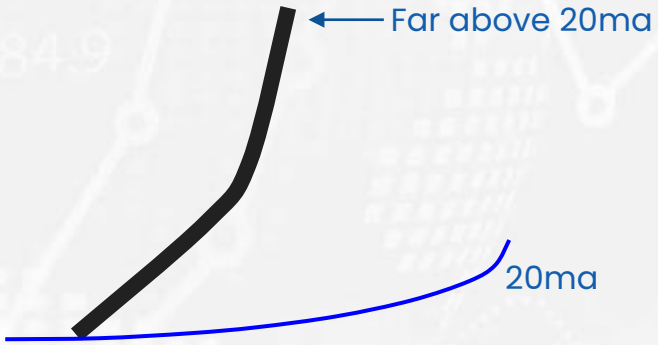
Any of the four iFund Traders Topping Signs that occur at or near these Retracements areas have very high odds of success. Limit your **Shorts** to one of them.

Specialty Resistance Types

7) Prior Day Close Resistance (-PDC)
This form of resistance occurs quite often, as the prior days closing price of a stock is heavily remembered by traders and investors. If and when a stock has declined below yesterday's close, and subsequently **rallies** back to it intra-day, a pullback of some kind is very likely if it forms one of the four topping signs.



8) Far Above 20ma Resistance
This form of resistance is powerful but somewhat subjective. If a stock gets extended too far above the 20ma, the odds of a strong set back becomes very high. If any one of the four reversal/topping signs occurs after a stock has rallied far above its 20ma, iFund Traders look for a sharp **decline**. We cover more of this concept in a future chapter.



iFund Traders Sell Rule #4
Any of the four iFund Traders Topping Signs that occurs at or near these locations/areas have very high odds of success. Limit your **Sells** to one of them.

The Power of Doubles

Prior Low Support (PLS)

Prior Low Support (PLS)

Prior Low Support (PLS)

Major Price Resistance

Once a stock experiences a Sharp decline, the point of origin of that decline (the top) Will serve as repeated forms of resistance. See the circles that followed the original TT.

Major Price Resistance

Prior High Resistance (PHR)

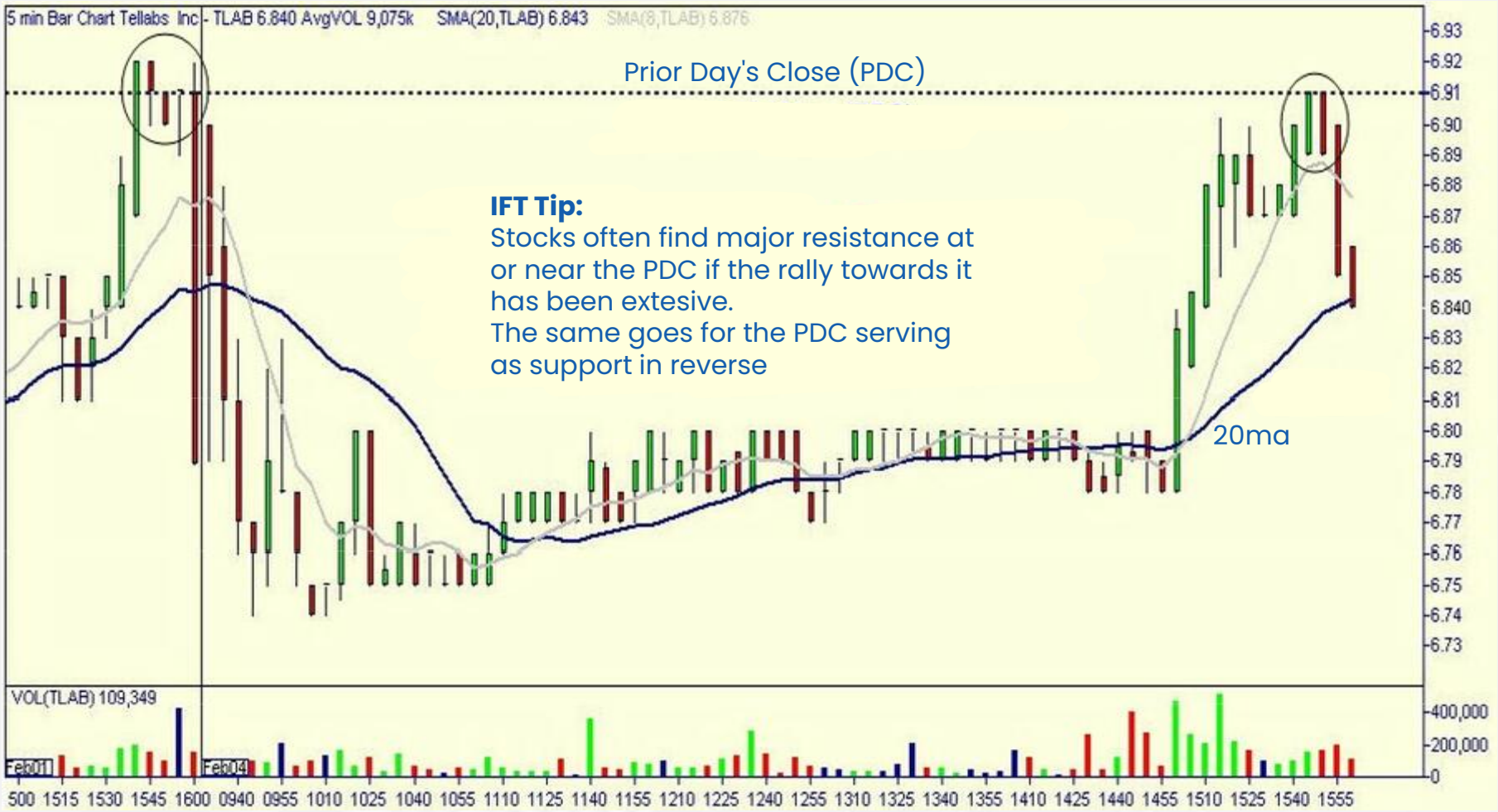
Support & Resistance

It must be remembered that Price support and resistance are not specific prices. Rather they are areas. When prices come to them or "near" them, that is sufficient.

33% Retracement @ 8ma

The Prior Day's Close (PDC)

The Prior Day's Close (PDC)



Micro Reversal Times

Chapter 13

iFundTraders Quote: “I am one of the few speculators who has never cared in which direction a stock is going. I simply go with the line of least resistance.”
- Jesse Livermore

The Minor Reversal Times (RTs)

- **10:30 ET Reversal Time** • Individual stocks as well as the market as a whole can experience some form of reaction around the 10:30 time period. Pullbacks to major areas of support that coincide with this time frame offer nice buy opportunities. The same works in reverse.

- **12:00 ET Reversal Time** • This marks another minor time at which stocks can either stall or reverse. If 11:15 kicks off the start of lunch for some, 12:00 officially begins it for all. All stocks which have not be affected by the first phase of lunch, will usually begin to go dead at this time period.

- **1:30 ET Reversal Time** • This time marks a period that can occasionally be quite significant. Every now and then a stock or the market can turn or get "kick started" around 1:30 ET. It does not always happen, but when it does, it's normally significant, which calls for my mention of it.

- **3:00 ET Reversal Time** • This time denotes when the bond market closes. There are days during which bonds are the major support for equities. When bonds are "stock friendly" and the stock market loses its friend at 3:00, a change for the worse can be ignited. Conversely, there are days during which bonds are a major nemesis for equities. When bonds, which were proving to have a bearish effect on stocks, close at 3:00, a turn for the better can material.

- **3:30 ET Reversal Time** • This time marks the final boarding call for all who either want to "get in" or "get out." Consider it the "last call" for market players, or the last chance to make or remove a significant position. Many stocks, and at times the entire market, can experience either an abrupt halt, reversal or acceleration of what it was doing before around 3:30 ET.

Micro Reversal Times

There are nine Reversal Times, three of which are major: 9:35; 10:00; 1030; 11:15; 12:00, 1:30; 2:15 - 2:30; 3:00; 3:30. The majors are: 10:00; 11:15; 2:15 - 2:30.

Micro Reversal Times

Climactic drops that pull far below the 20 and 200mas tend to result in a violent rebound. Any reversal sign (BT. GBR. NRB/NB) provides the signal to strike.

Micro Reversal Times

Tip: RTs don't always reverse the trend. They can also simply stall the trend

3:30 top ignites a move down into the next day. 10:00 bottom leads to a robust rally into the 11:00 hour. 11:15 top at the 200ma leads to an hour+ decline.

Major Reversal Times

Chapter 14

iFundTraders Quote: “I am one of the few speculators who has never cared in which direction a stock is going. I simply go with the line of least resistance.”
- Jesse Livermore

The Major Reversal Times (RTs)

- **10:00 ET Reversal Time** • Individual stocks as well as the market as a whole tend to react in some form or another around the 10:00 time period. While none of the RTs should be regarded as too precise, the 10:00 RT is by far one of the most powerful. If a stock or the market advances right into the 10:00 time zone, iFund Traders should look for some type of reversal or stall. Conversely, a sharp drop into the 10:00 area should produce some type of rebound or stall.

- **11:15-11:30 ET Reversal Time** • This marks another major reversal time, as it denotes the end of the market's first phase and kicks off its second. It is around this time that the number of active market players dwindles as many start leaving for their lunch break. We call the second phase of the day, the Mid-day Doldrums. During this period many stocks begin to go flat and sluggish due to the growing lack of participation created by the lunch phase. The iFund Traders Trader would look for major stoppages of up and down trends to occur around this time.

- **2:15-2:30 ET Reversal Time** • This time marks the end of the Mid-day Doldrums period and kicks off the start of the market's third and final phase. In some markets, the third phase is the most lucrative. The directional bias of the day is often already established, resulting in truer patterns and trends. It is around 2:15 or so that the market will often begin to pick up steam (volume) and volatility. Stocks and the overall market will also tend to continue the move they began in phase one if a trending phase is being experienced.

Climatic Buys & Climatic Sells

Chapter 15

iFundTraders Quote: “I never try to predict or anticipate the market. I only try to react to what the market is telling me by its behavior.”
- Jesse Livermore

Climactic Decline Buy (CDB)

PATTERN SETUP

1. 5 or more consecutive Lower Highs or, 5 or more Red Bars.
Note: Having both makes the setup more potent.
2. BT, GBR, NRB, o NB (one or more of the four reversal signs).
3. Far below 20ma or prior support area (this is a visual concept); Best if far below 8ma WRB as well
4. Volume Surge (this is not a requirement however)
5. Reversal Time: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15-2:30; 3:00; 3:30

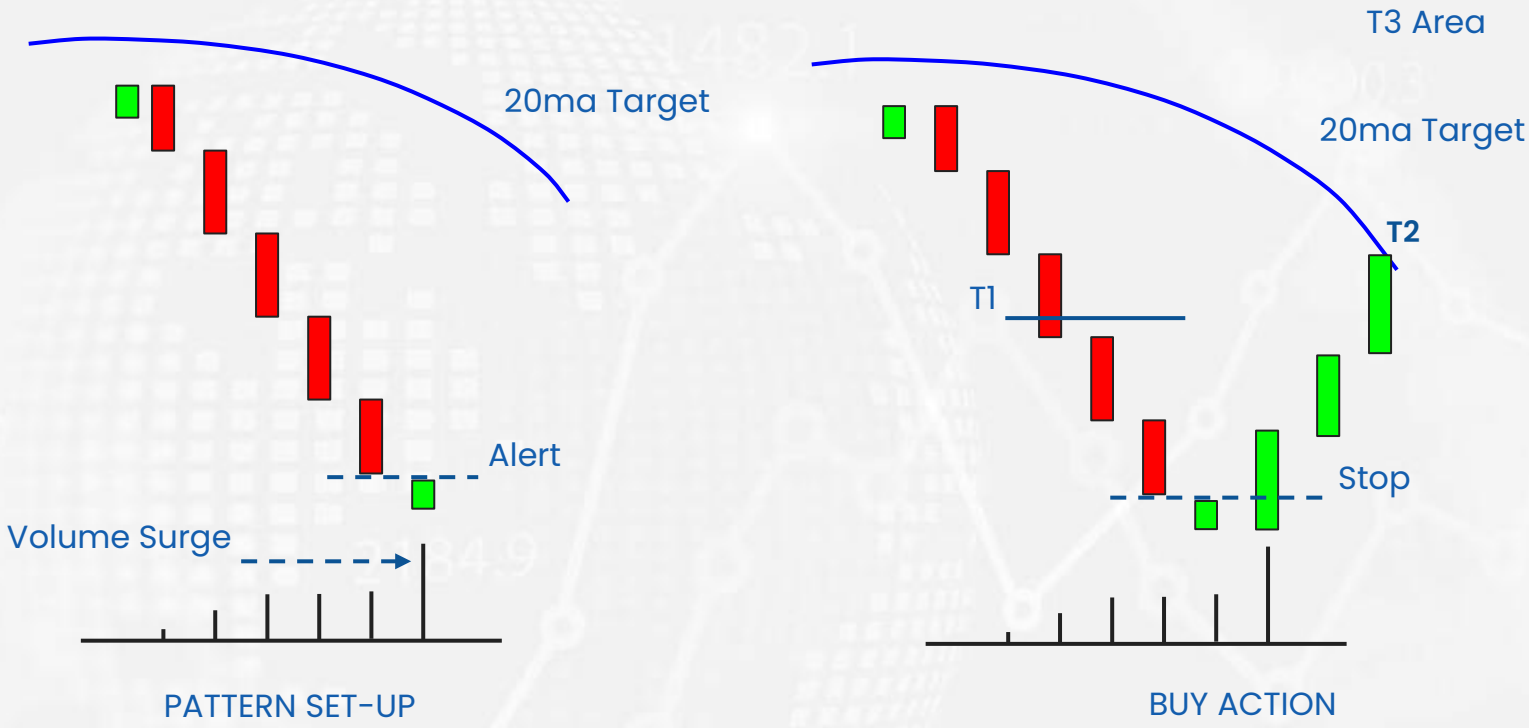
BUY ACTION

• Buy .01 above the prior bar's high or drop to the next lower time frame.
Note: Only use the next lower time frame if prior bar's high is too far away. Keep in mind that this alternative entry does increase the odds of premature stop outs.
• Place a stop .01 below the entry bar's low, or the prior bar's low.
• Set minimum target at 20ma or the 50% Retracement Level.
• After 2 bars, place a trailing stop .01 under each prior bar's low until a) Price objective is met; or b) a major RBR has occurred.

NOTE: The first iFund Traders Sell Set-up after a Climactic Decline possesses low odds.

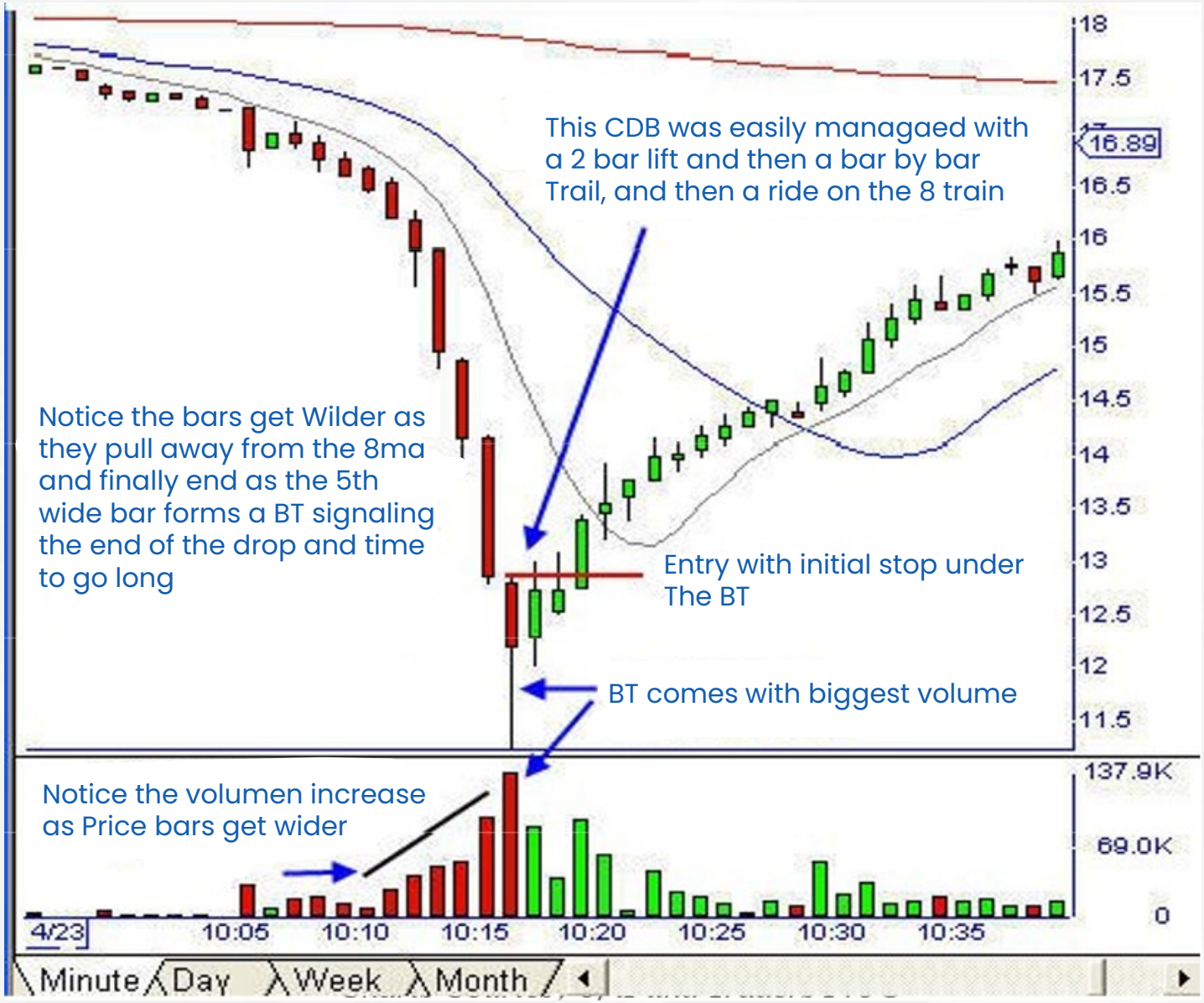
Climactic Decline Buy (CDB)

iFund Traders Climactic Decline Buy Set-up
This is the pattern that we use to buy within the context of a down trend. While bucking the trend is normally a recipe of disaster, there are moments in time when doing so is intelligent. We only allow our traders to buy in a downtrend under very strict criteria, which are listed below.
Nota: If you find yourself bucking the trend more than 10% of the time, you are likely doing something wrong.



Trading Note:
The overhead 20ma and/or the most recent area of price resistance becomes the iFund Traders primary target. While a trailing stop can be used after a two bar lift, many iFund Trained Traders opt to go for a boom or bust approach with a breakeven stop once they get the two bar lift. The reason for this is because this tactic's success in ultimately getting to the 20ma is very high.

Climactic Decline Buy (CDB)



Climactic Decline Buy (CDB)

Climactic Decline Buy (CDB)

Climactic drops that pull far below the 20 and 200mas tend to result in a violent rebound. Any reversal sign (BT, GBR, NRB, NB) provides the signal to strike. The 20ma is your first target, but keep in mind that instituting a trailing stop once the 20ma is met could lead to additional gains.

Climatic Advance Sell (CAS)

PATTERN SETUP

1. 5 or more consecutive Higher Lows or, 5 or more Green Bars.
Note: Having both makes the setup more potent.
2. TT, RBR, NRB, o NB (one or more of the four reversal signs)
3. Far above 20ma or prior resistance area (this is visual);
4. Volume Surge (this is not a requirement)
5. Reversal Time: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15-2:30; 3:00; 3:30

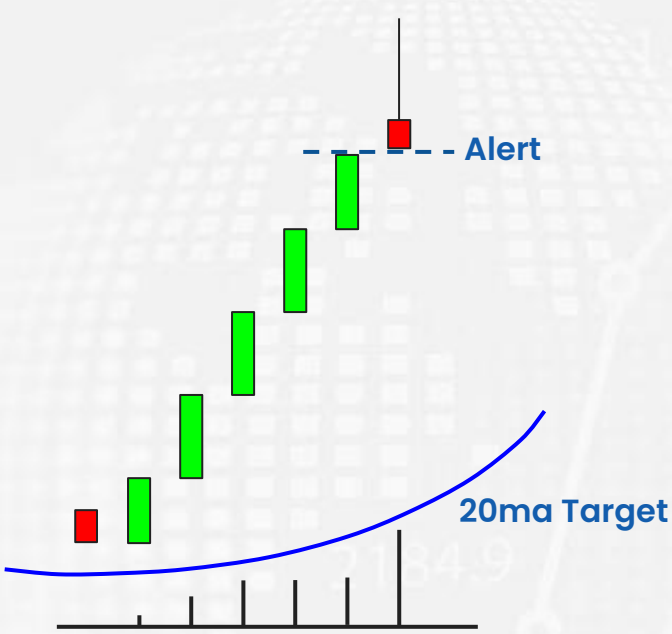
ACTION

• Short .01 below the prior bar's low or drop to the next lower time frame.
Note: Only use the next lower time frame if prior bar's low is too far away. Keep in mind that this alternative entry does increase the odds of premature stop outs.
• Place a stop .01 above the entry bar's high, or the prior bar's high.
• Set minimum target at 20ma or the 50% Retracement Level.
• After 2 bars, place a trailing stop .01 above each prior bar's high until
a) Price objective is met; or b) a major GBR has occurred.

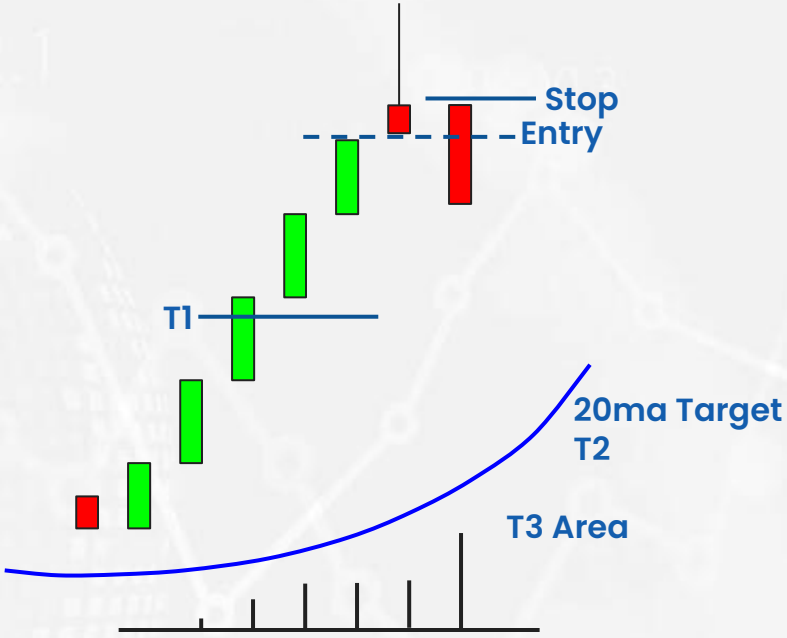
Note: The first iFund Traders Buy Set-up after a Climactic Advance possesses low odds.

Climatic Advance Sell (CAS)

iFund Traders Climactic Advance Sell Set-up
This is the pattern that we use to short within the context of an uptrend. While bucking the trend is normally a recipe of disaster, there are moments in time when doing so is intelligent. We only allow our traders to short in an uptrend under very strict criteria, which are listed below.
Note: **If you find yourself bucking the trend more than 10% of the time, you are likely doing something wrong.**



PATTERN SET-UP

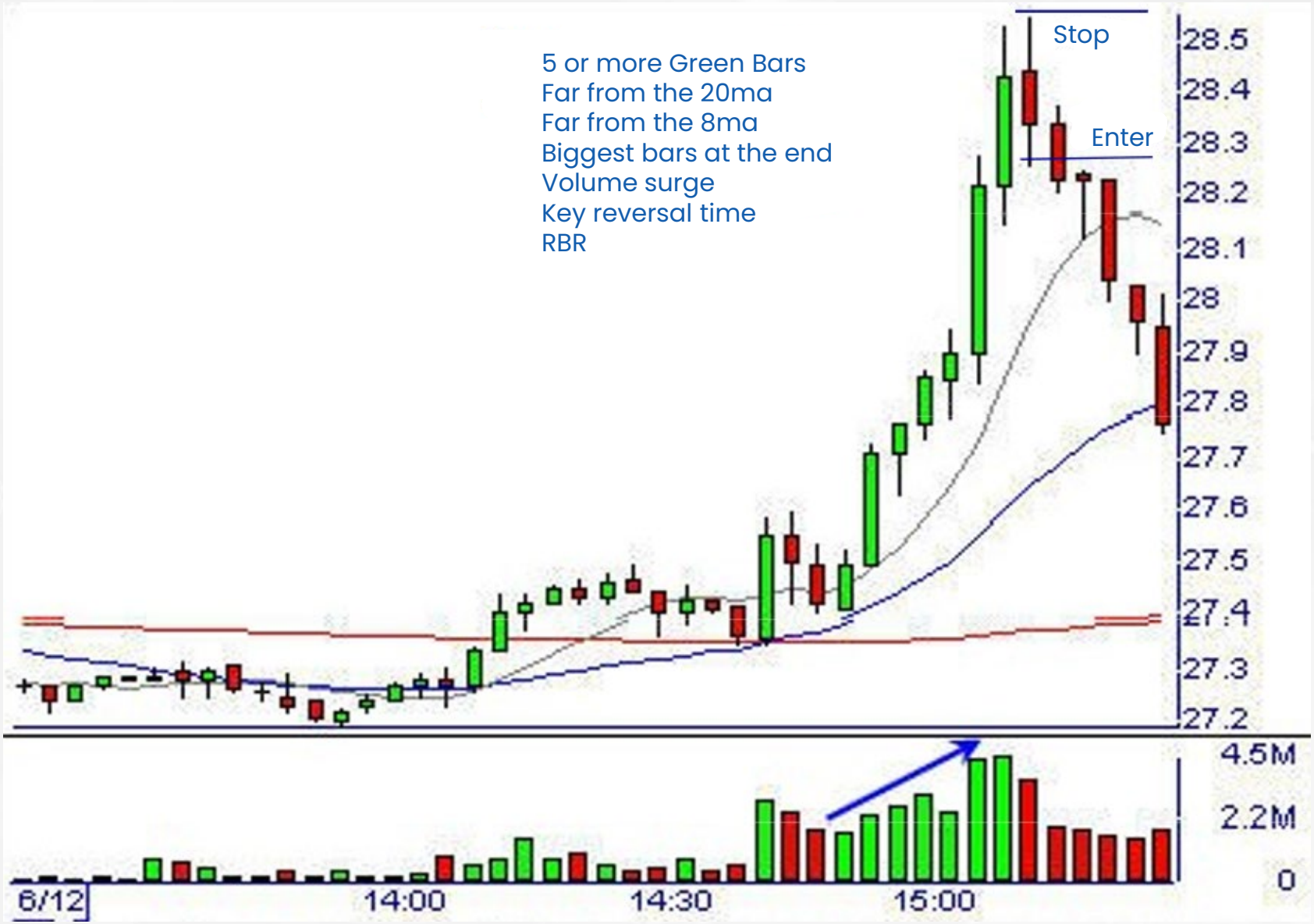


SHORT ACTION

Trading Note
The below 20ma and/or the most recent area of price support becomes the iFund Traders primary target. While a trailing stop can be used after a two bar decline, many iFund Trained Traders opt to go for a boom or bust approach with a breakeven stop once they get the two bar drop. The reason for this is because this tactic's success in ultimately getting to the 20ma is very high.

Climatic Advance Sell (CAS)

Climatic Advance Sell (CAS)



Climatic Advance Sell (CAS) and 200MA Resistance

The Sideways Break Strategies

Chapter 16

iFundTraders Quote: “There are times when your trading money should be inactive. In the market, time is not money – time is time – and money is money.”
- Jesse Livermore

Two Main Breakout Facts

Fact 1:
Breakouts are amongst some of the most powerful, profitable plays in existence.

Fact 2:
72% of all Breakouts Fail.

Breakout Question 1

Question 1:
So how can breakouts be so powerful and profitable if most don't work?

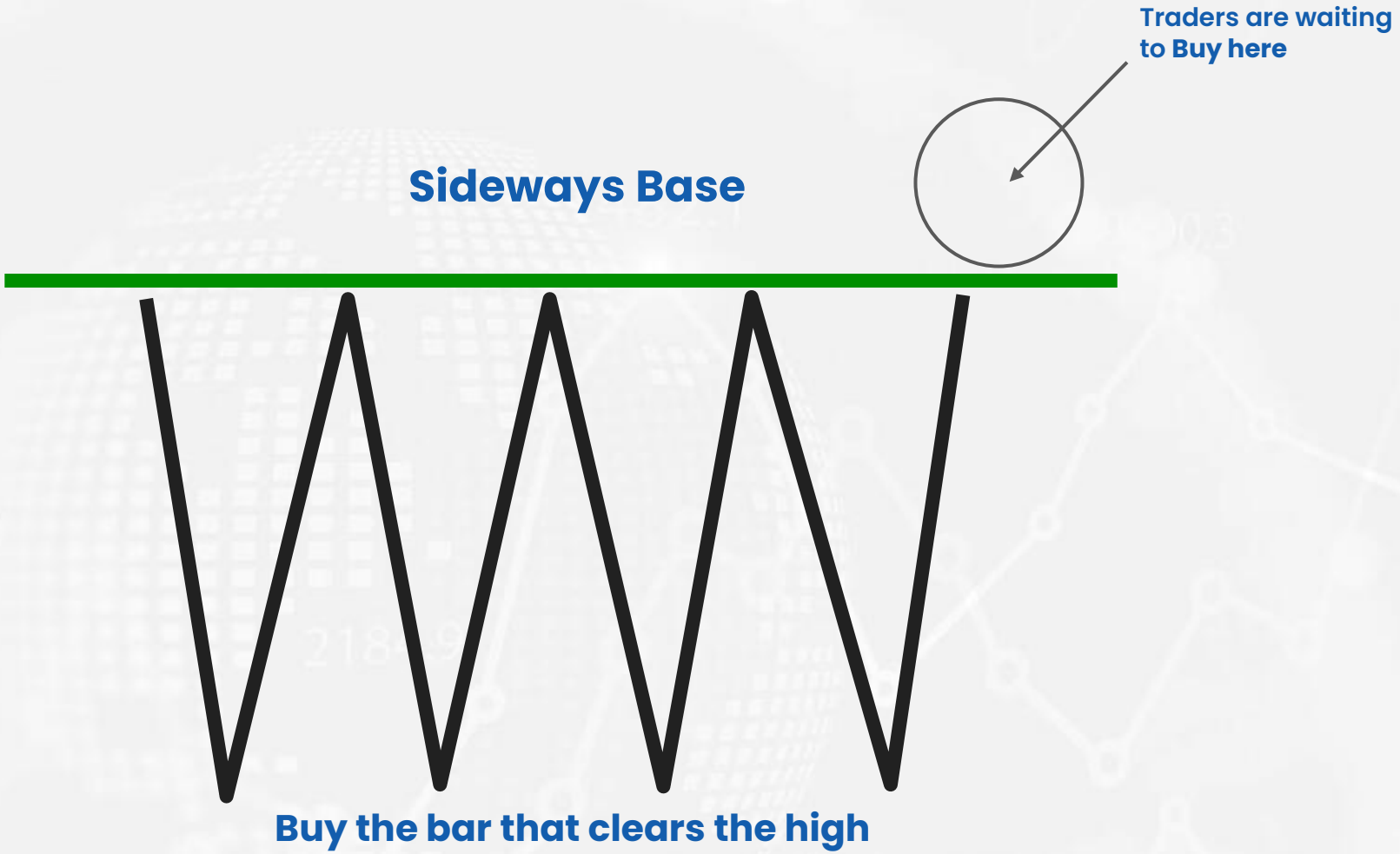
Answer:
The 28% that do work do so in a major way. Big Profits!

Breakout Question 2

Question 2:
So how can one distinguish between those breakouts that are likely to fail, versus those which will likely soar?

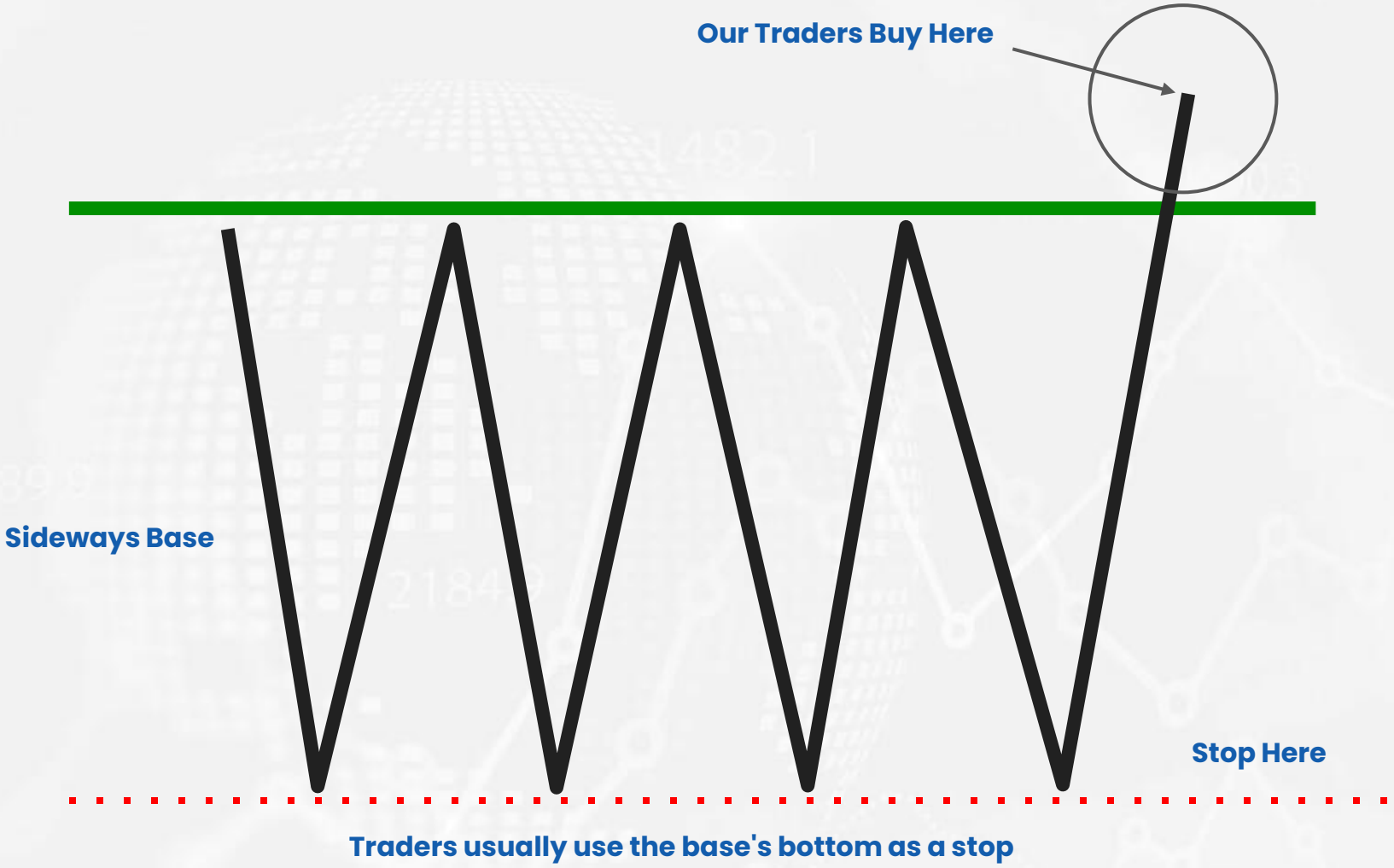
Answer:
By the end of this educational session, you'll know which breakouts to buy and which to by- pass.

The Traditional Breakout

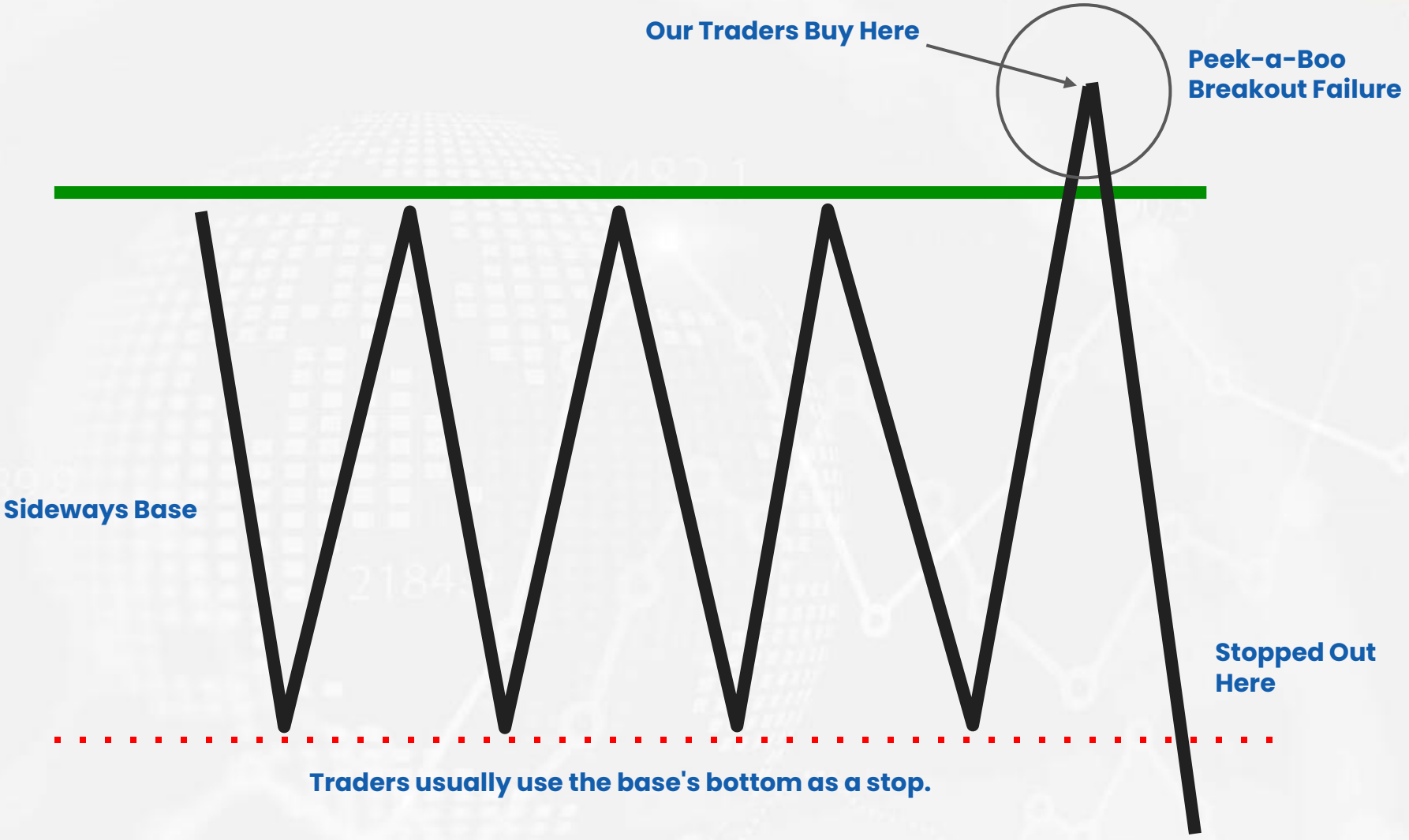


IFT Tip:
You need a minimum of three relatively equal highs and lows to have a true consolidating base.

The Traditional Breakout

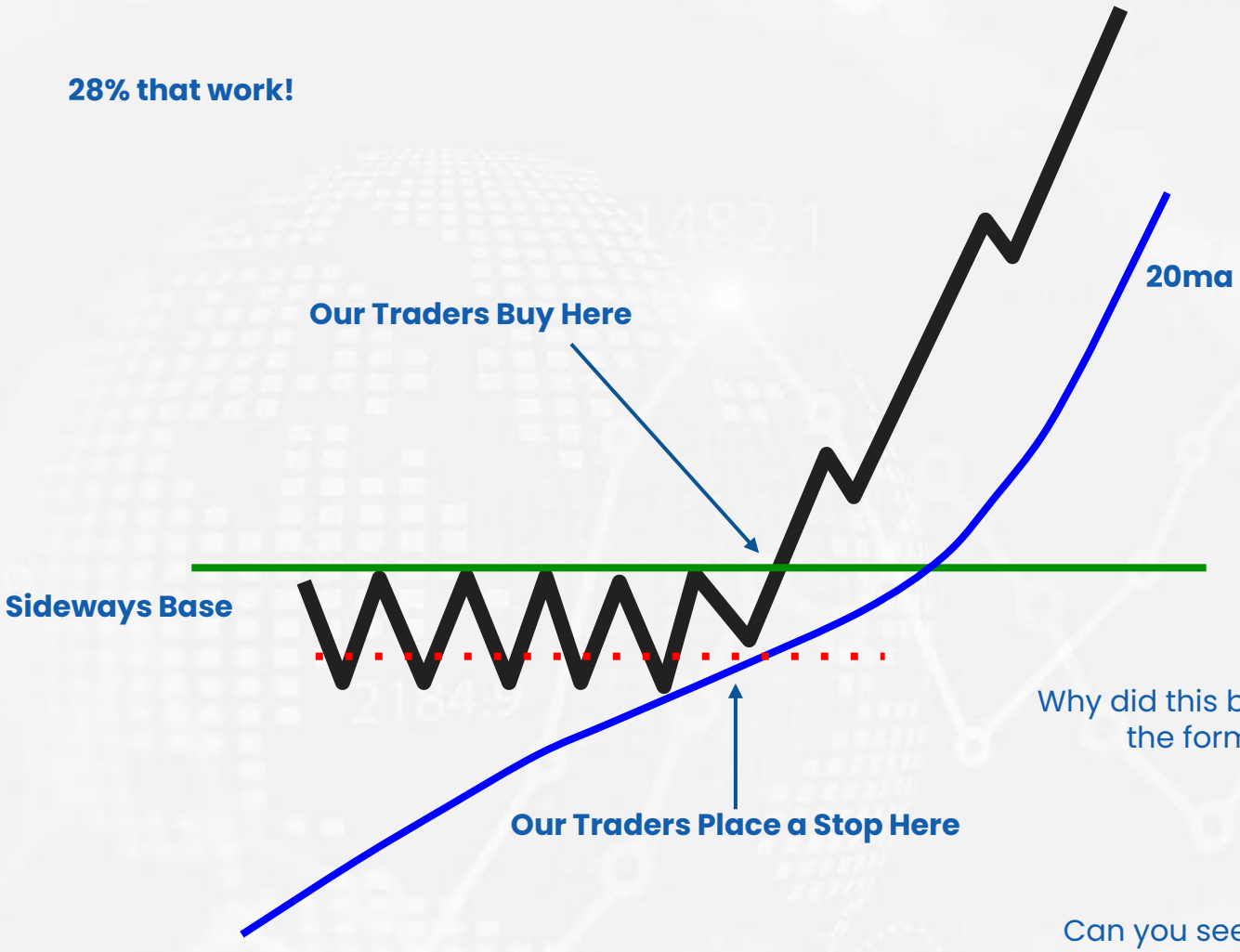


The Traditional Breakout



What's the culprit? What went wrong?

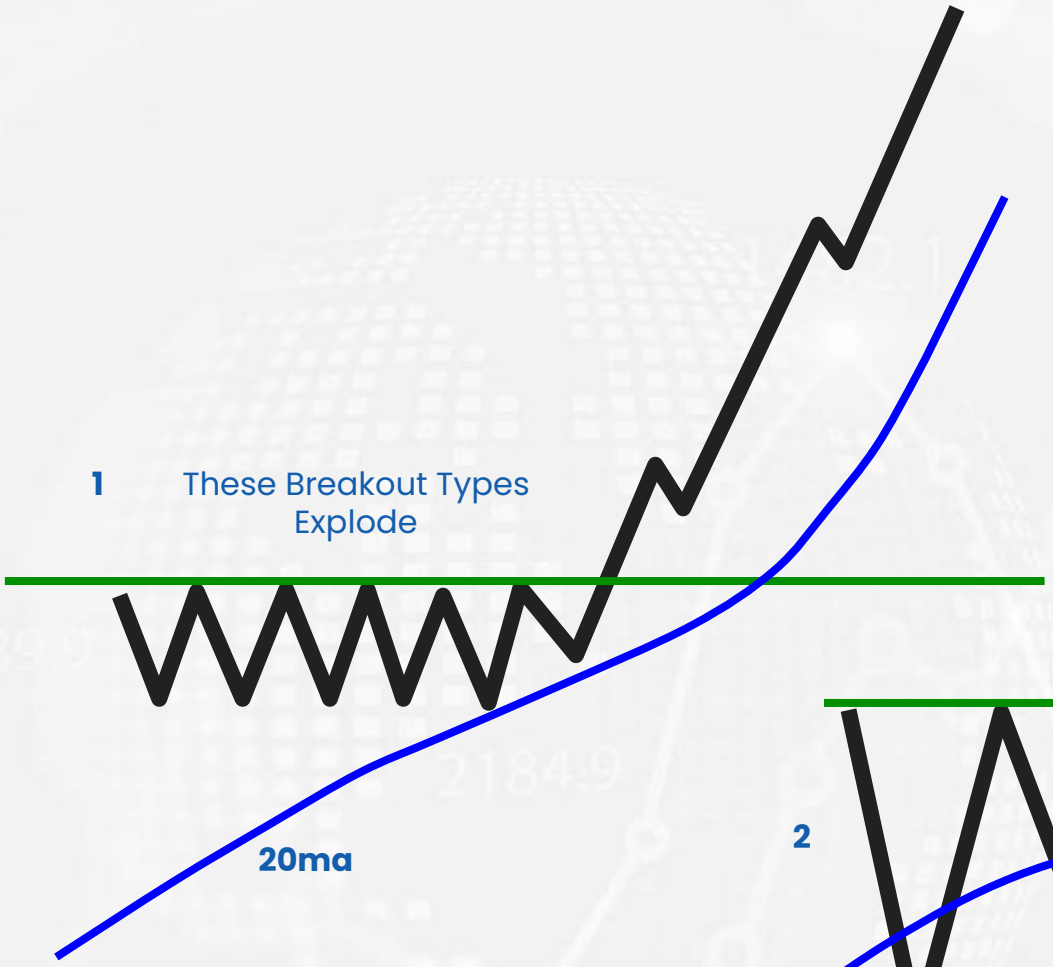
The iFundTraders Breakout



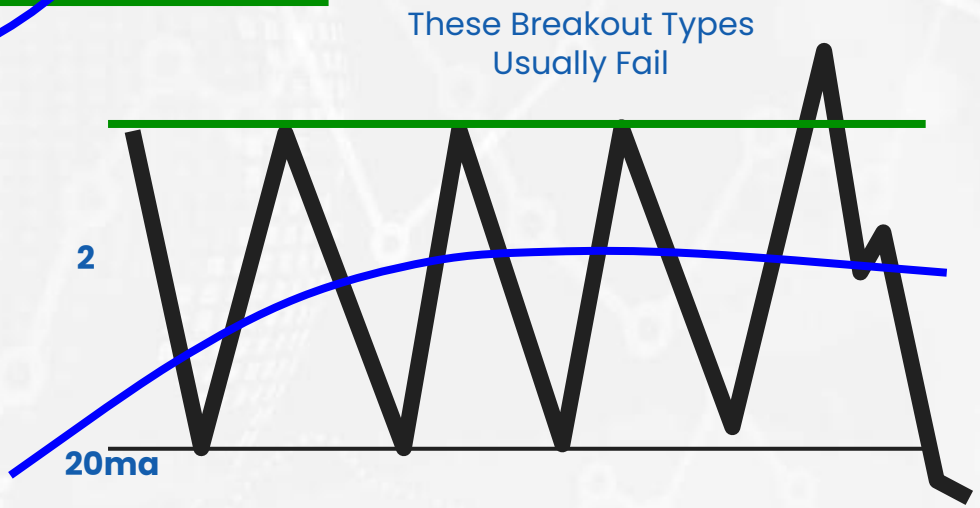
Why did this breakout work and the former one fail?

Can you see the difference?

The iFund Traders Breakout



What is the difference?



iFund Traders Breakout Play (BOP)

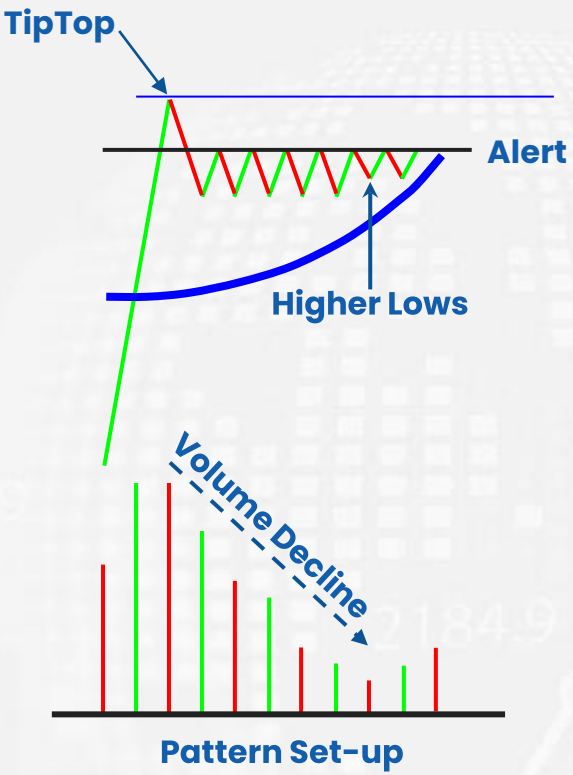
PATTERN SETUP
1. The sideways base can occur in an established uptrend or after a downtrend.
2. The base should be narrow and thin, not wide and whippy.
3. The bars in the base should be small and narrow, no wide range.
4. The volume during the base should be light, not heavy.
5. The 8ma and/or the 20ma should ideally be rising during the base's formation.

BUY ACTION
1. Buy the bar that breaks above the last 2/3s of the base.
2. Place a stop .01 below the breakout bar (the entry bar's low).
3. Project the length of the base upward for target, if there is no prior reference point.

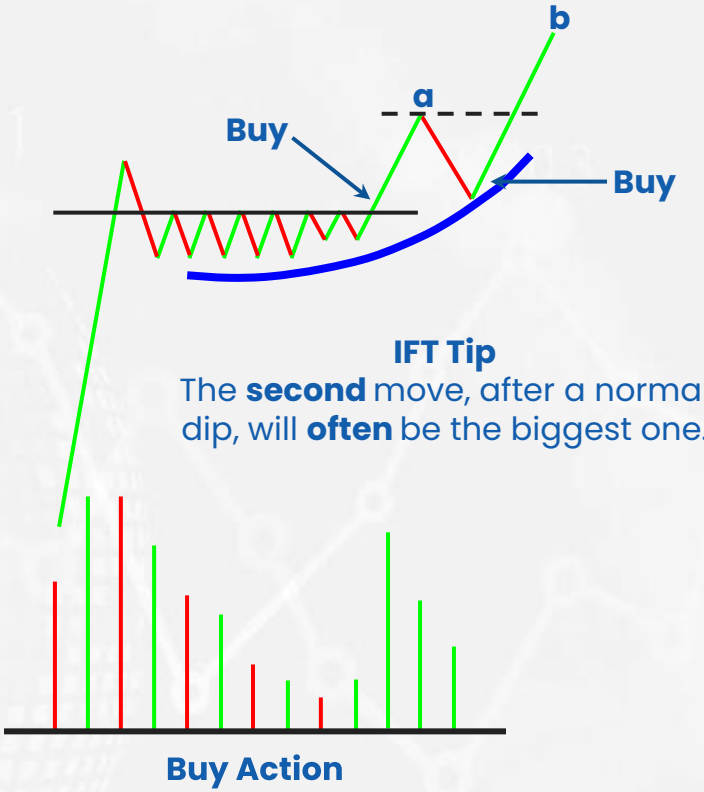
IMPORTANT POINTS
1. The best breakouts occur at or near the point of contact with the rising 20ma/8ma.
2. A iFundTraders buy Set-up at the bottom of a base can be an early buy opportunity for the watchful trader, if the VBS is occurring at or the rising moving average.
3. We play BOPs more on 2- and 5-minute charts when scalping
4. A Pause (Base) VS a Top – When a Base Is a Top and not a Pause:
- **a.** Pauses (bases) are narrow; Tops are wide and whippy.
- **b.** Pauses (bases) have small bars; Tops have big wide range bars.
- **c.** Pauses (bases) have light volume; Tops have big volume.
- **d.** Pauses "usually" don't cross the 20ma by much; Tops cross below it.

iFundTraders Breakout Play (BOP)

iFundTraders Breakout Play:
This buy tactic will be the iFundTraders second most frequently traded event. On many days, it will be the only pattern traded, as stocks tend to spend the majority of their intra-day time drifting sideways in bases. Therefore, this is a tactic that must be mastered.



Pattern Set-up

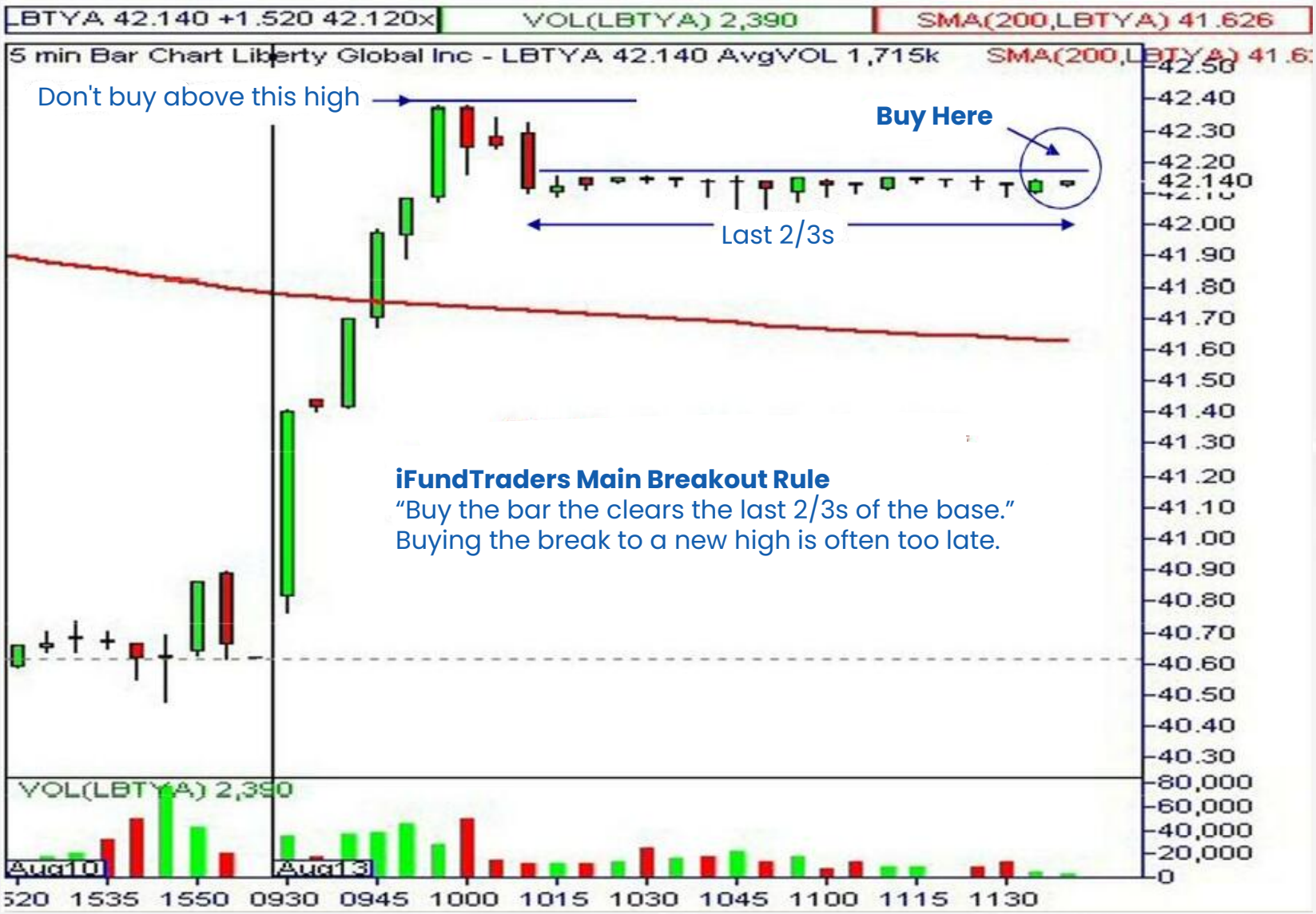


IFT Tip
The **second** move, after a normal dip, will **often** be the biggest one.

Buy Action

Trading Note:
Bases that are tight and narrow with declining volume, rising lows and a rising 8ma and/or 20ma produce the highest odds of exploding to the upside, once they clear the over head resistance. Keep in mind that these "pauses" are not negative, despite the apparent loss of momentum. They simply serve as pit stops on the way to higher ground. In essence, they give the stock the ability to rest and rejuvenate before another big advance begins. The iFundTraders Breakout Play is a staple amongst our traders.

Breakout Play (BOP)

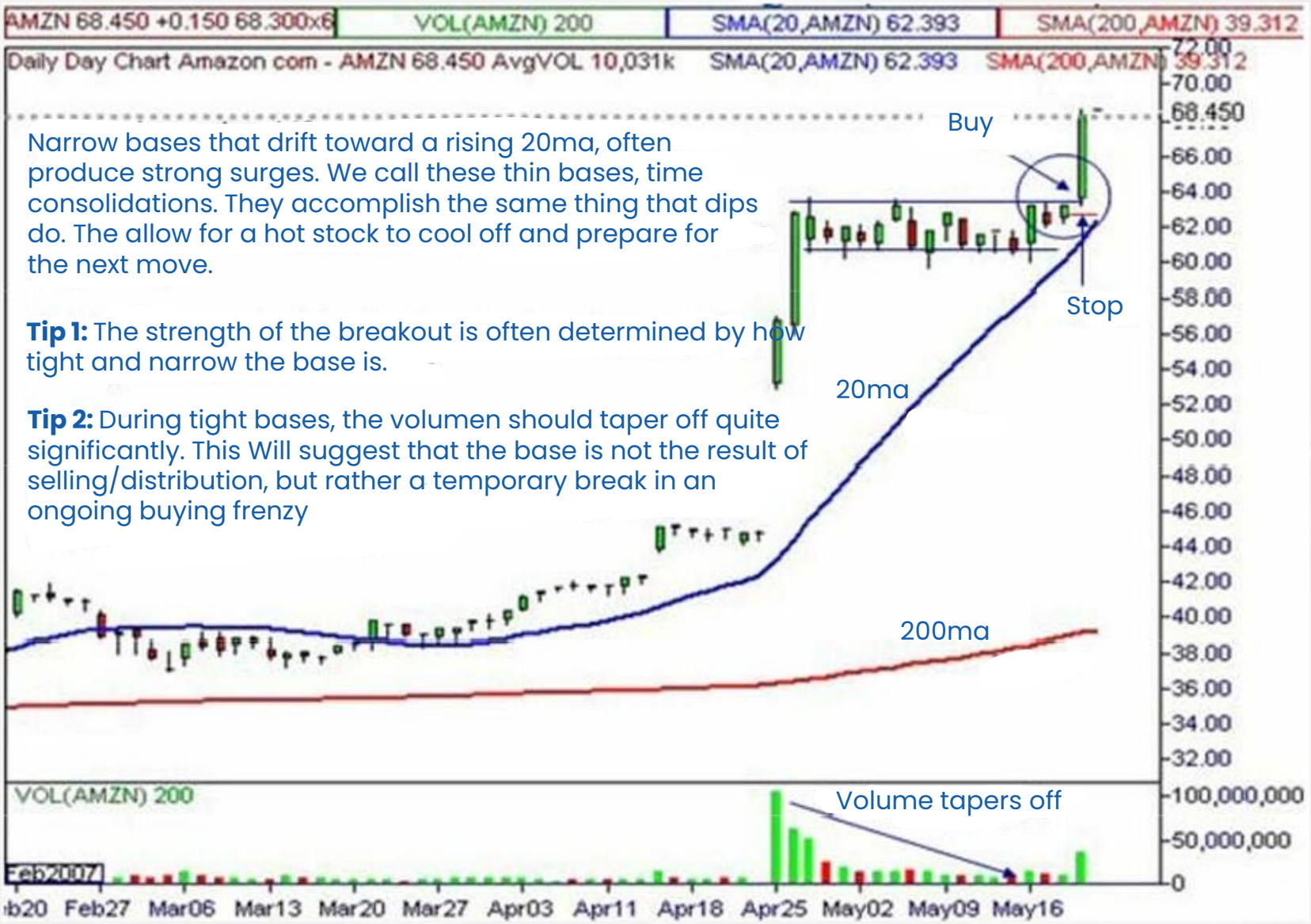


5-min Breakout Play (BOP)

What should you be getting ready to do right now?

A tight sideways pause (time consolidation) into a rising 20ma will tend to blast off right at or near the point of the contact with the r20ma. If the price were to go beyond the 20ma, and the 20ma were to go flat, the odds increase that the base is a stage 3, not a pause.

Breakout Play (BOP)



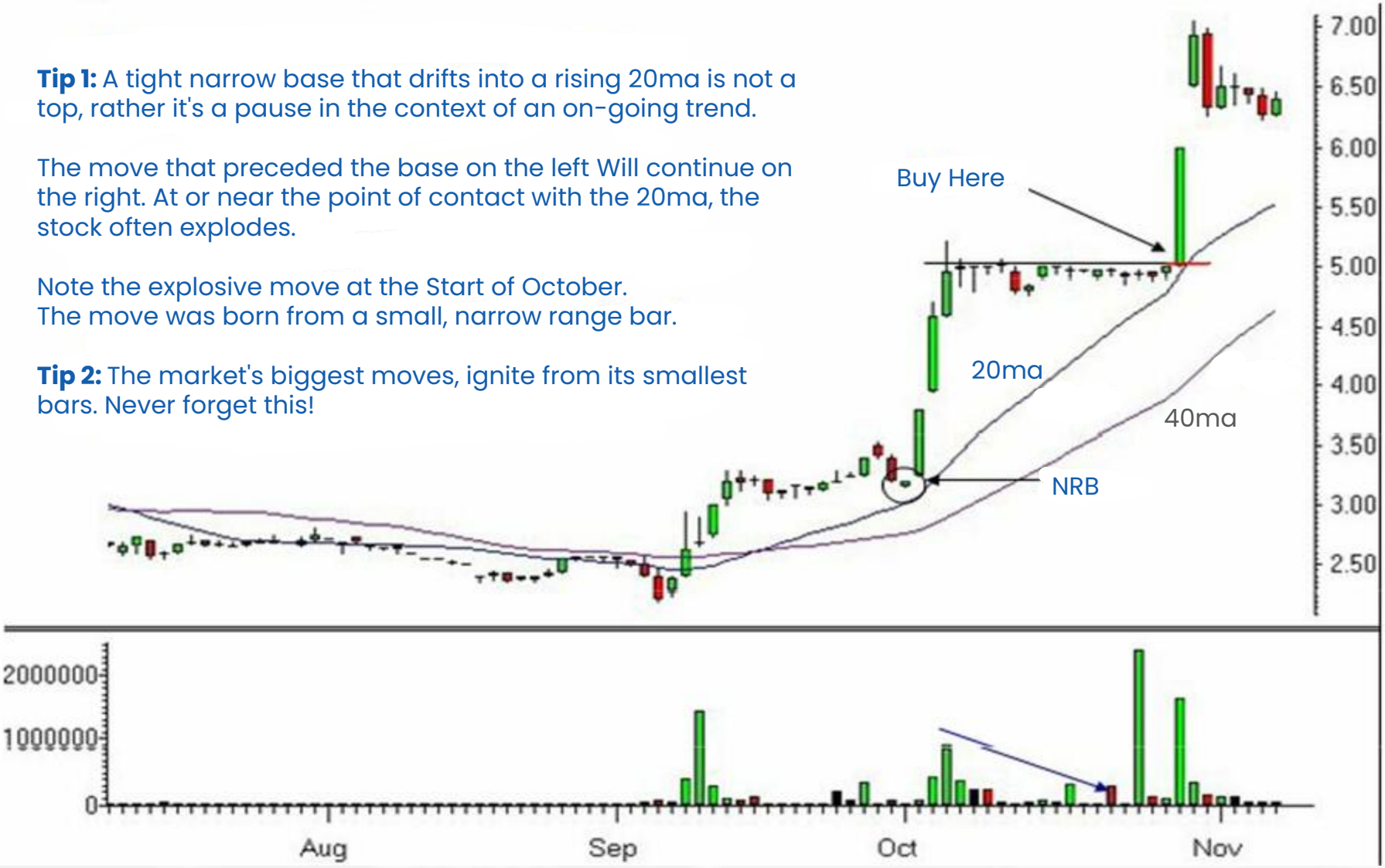
Daily Breakout Play

Tip 1: A tight narrow base that drifts into a rising 20ma is not a top, rather it's a pause in the context of an on-going trend.

The move that preceded the base on the left Will continue on the right. At or near the point of contact with the 20ma, the stock often explodes.

Note the explosive move at the Start of October.
The move was born from a small, narrow range bar.

Tip 2: The market's biggest moves, ignite from its smallest bars. Never forget this!



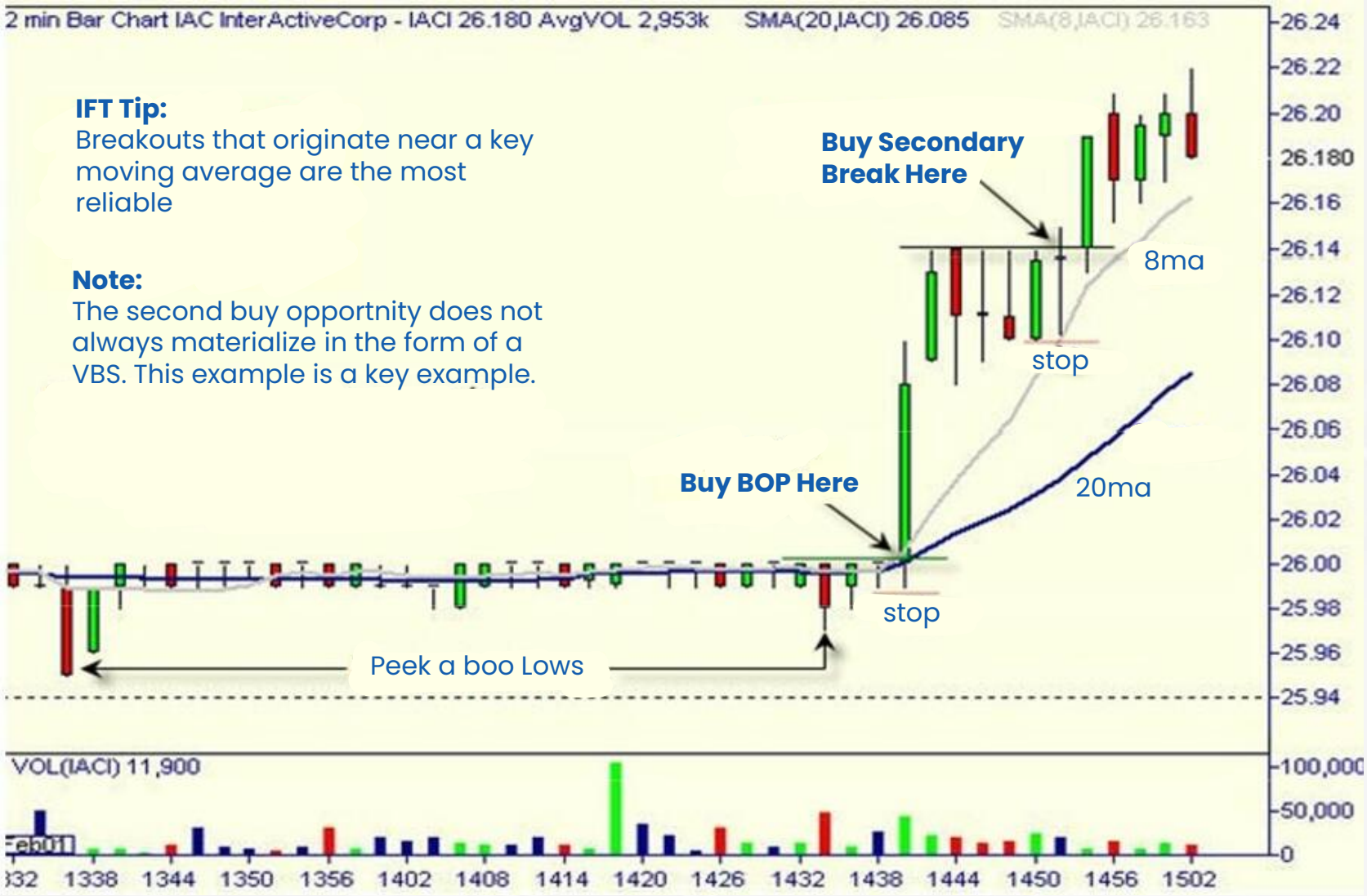
Breakout Play (BOP)

Breakout Play (BOP)

Breakout @ 8ma

Breakout Play (BOP)

Breakout Play (BOP)



Breakout Play (BOP)

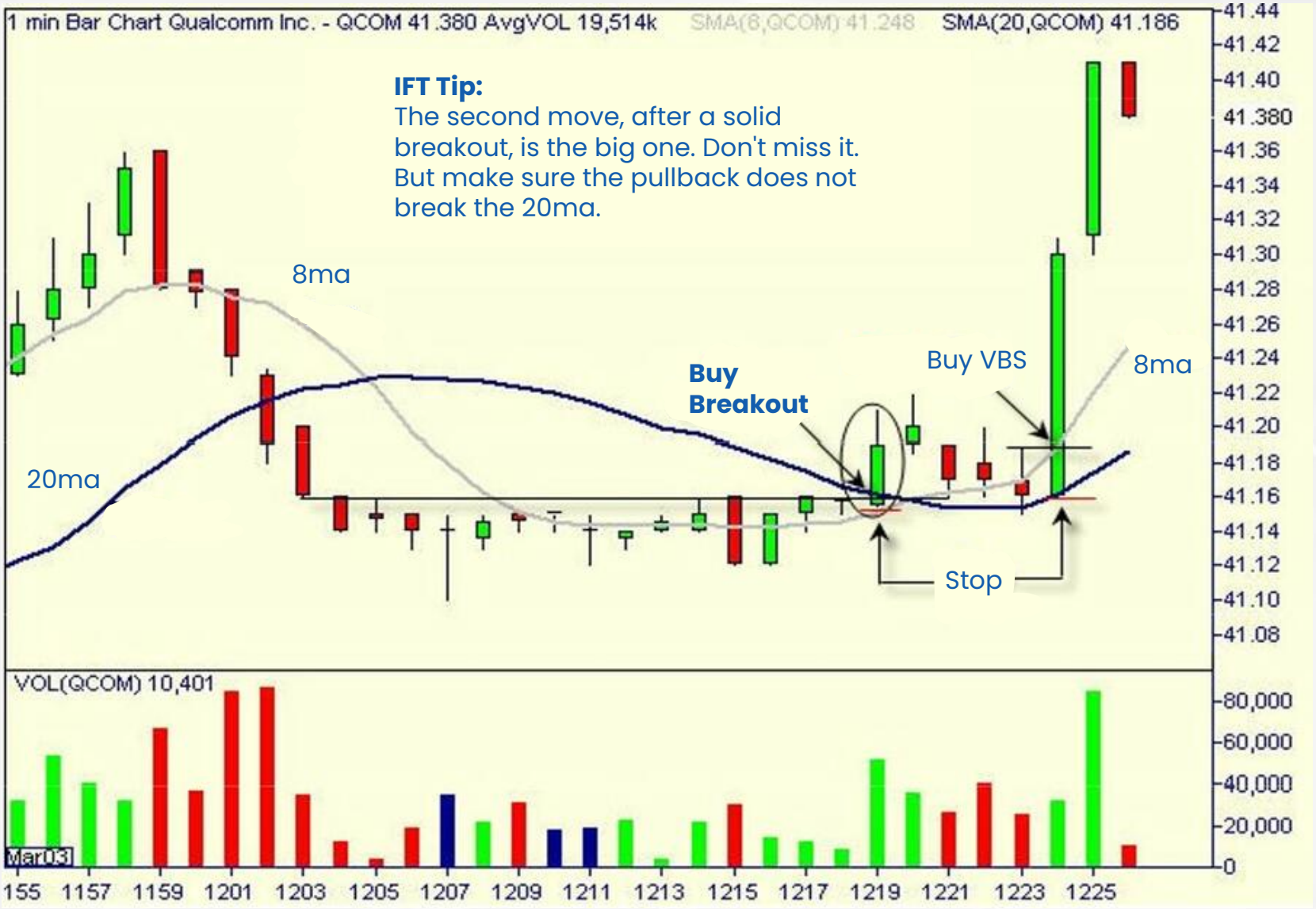
Breakout Play (BOP)

Breakout Play (BOP)

5-min Breakout Play (BOP)

Tight sideways patterns above the 20ma during midday doldrums often lead to breakouts that run to overhead resistance points, such as the 200ma.

Breakout Play (BOP)



Breakdown Play (BDP)

PATTERN SETUP

1. The sideways base can form in an established downtrend or after a after an uptrend.
2. The base should be narrow and thin, not wide and whippy.
3. The volume should be light during base, not heavy.
4. The 20ma and/or 8ma should still be declining.
NOTE: In the downtrend, this is very important, **more so than in an uptrend.**

SELL/SHORT ACTION

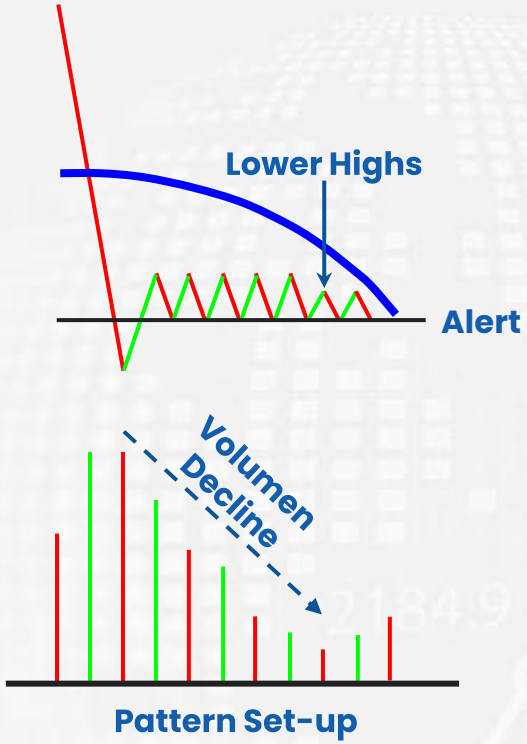
1. Short the bar that breaks below the last 2/3s of the base.
2. Place stop .01 above the breakdown bar or above the entire base. This is your choice.
3. Project the length of the base downward for target, if there is no prior reference point.

IMPORTANT POINTS

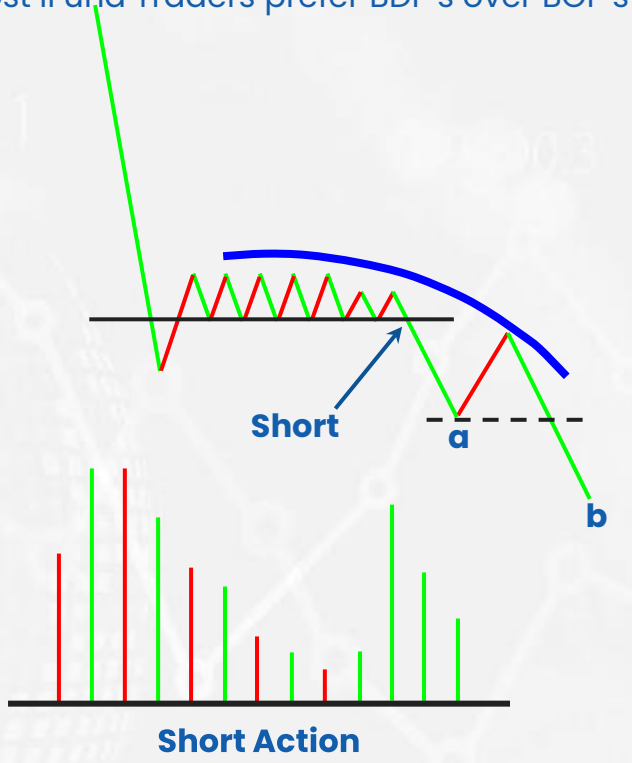
1. The best breakdowns often occur at or near the point of contact with the d20ma
2. A iFund Traders Sell Set-up at the top of a base can be an early short opportunity for the watchful trader, if the base is wide enough.
3. We play BDPs more on 2 and 5-minute charts when scalping.
4. A Pause (Base) VS a Bottom:
    a. Pauses (bases) are narrow; Bottoms are wide, whippy and long.
    b. Pauses usually don't cross the 20ma by much; Bottoms cross below the 20ma, and eventually become one with the flat 20ma (f20ma)
    c. Pauses don't tend to form too far below the 200ma, while Bottoms do.
    d. Bottoms often bring the 20ma and the 8ma together to form one MA; Pauses don't.

iFund Traders Breakdown Play (BDP)

iFund Traders Breakdown Play:
This short tactic will be the iFund Trader's second most frequently traded event. On many days, it will be the only pattern traded, as stocks tend to spend the majority of their intra-day time drifting sideways in bases. Therefore, this is a tactic that must be mastered. In fact most iFund Traders prefer BDP's over BOP's



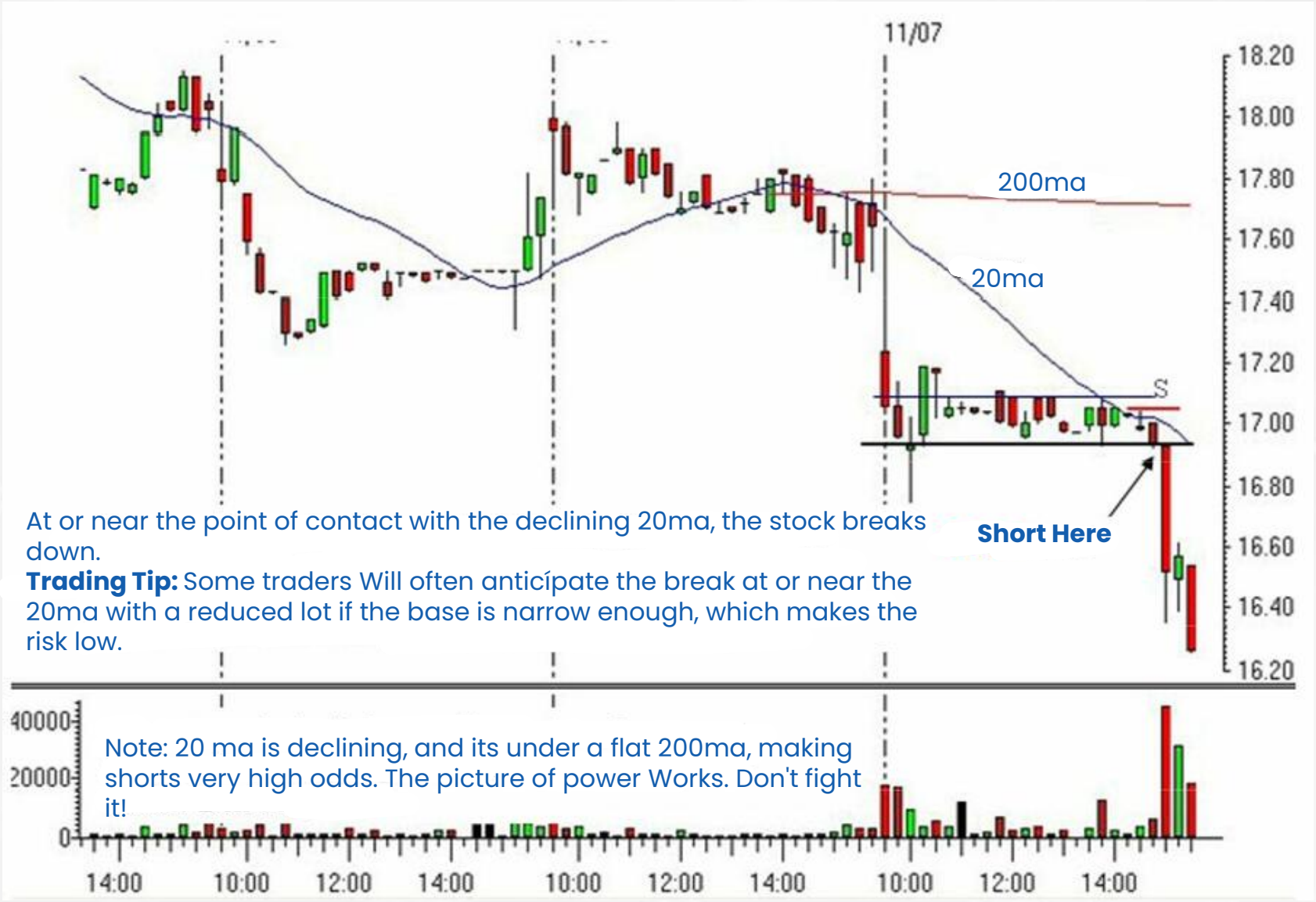
Pattern Set-up



Short Action

Trading Note:
Bases that are tight and narrow with declining volume, declining highs and a declining 20ma, produce the highest odds of collapsing to the downside, once they clear the support. Keep in mind that these "pauses" are not **Bullish** , despite the apparent loss of momentum. They simply serve as rest stops on the way to lower ground. In essence, they give the stock the ability to relax and rejuvenate before another big collapse begins. The iFund Trader's Breakdown Play is a staple amongst our traders.

15-min Breakdown Play (BDP)



At or near the point of contact with the declining 20ma, the stock breaks down.

Trading Tip: Some traders Will often anticípate the break at or near the 20ma with a reduced lot if the base is narrow enough, which makes the risk low.

Note: 20 ma is declining, and its under a flat 200ma, making shorts very high odds. The picture of power Works. Don't fight it!

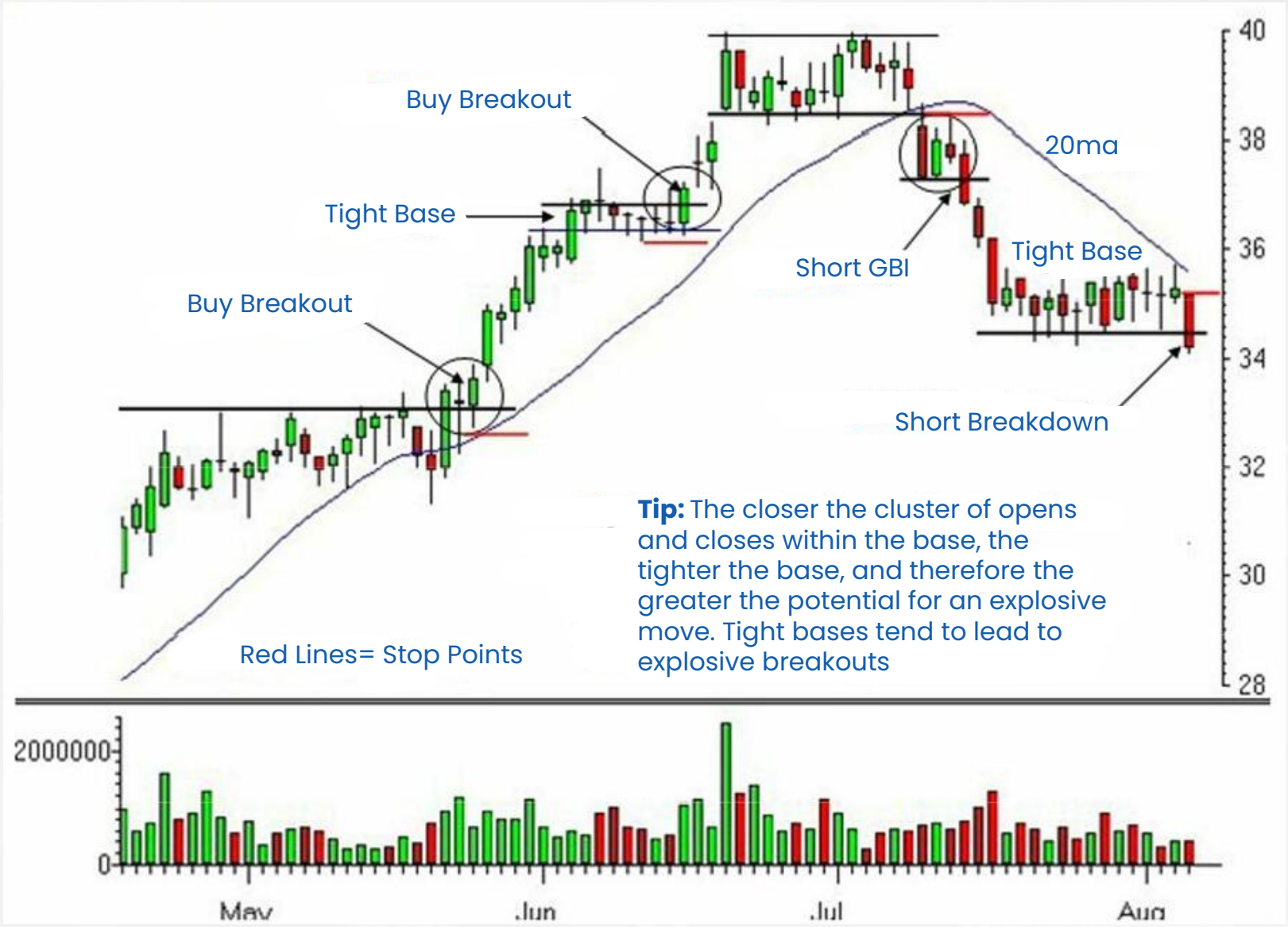
Breakdown Play (BDP)

5-min Breakdown Play (BDP)

Most breakdowns occur in three parts: 1) The initial break; 2) the first pullback; 3) the secondary break. Our traders look to take the following actions: a) short the initial break (BDP); b) cover before the first pullback materializes; c) Short the iFund Traders Sell Set-up (SS) at the top of the rally; d) cover on the secondary break.

Breakdown Play (BDP)

Breakouts & Breakdowns



One Bar Strategies

Chapter 17

"A long watch list leads to missed opportunities"
Oliver Velez

Bull and Bear 180

Chapter 17.1

"A long watch list leads to missed opportunities"
Oliver Velez

Bull 180° Play (+180)

PATTERN SETUP

1. The current bar must represent a very bearish period. This is to say that most of the bar's range should be red.
2. The open must be in the top part of bar's range.
3. The close must be in the bottom part of the bar's range.
4. The further this bar is away from the 20ma, the better.

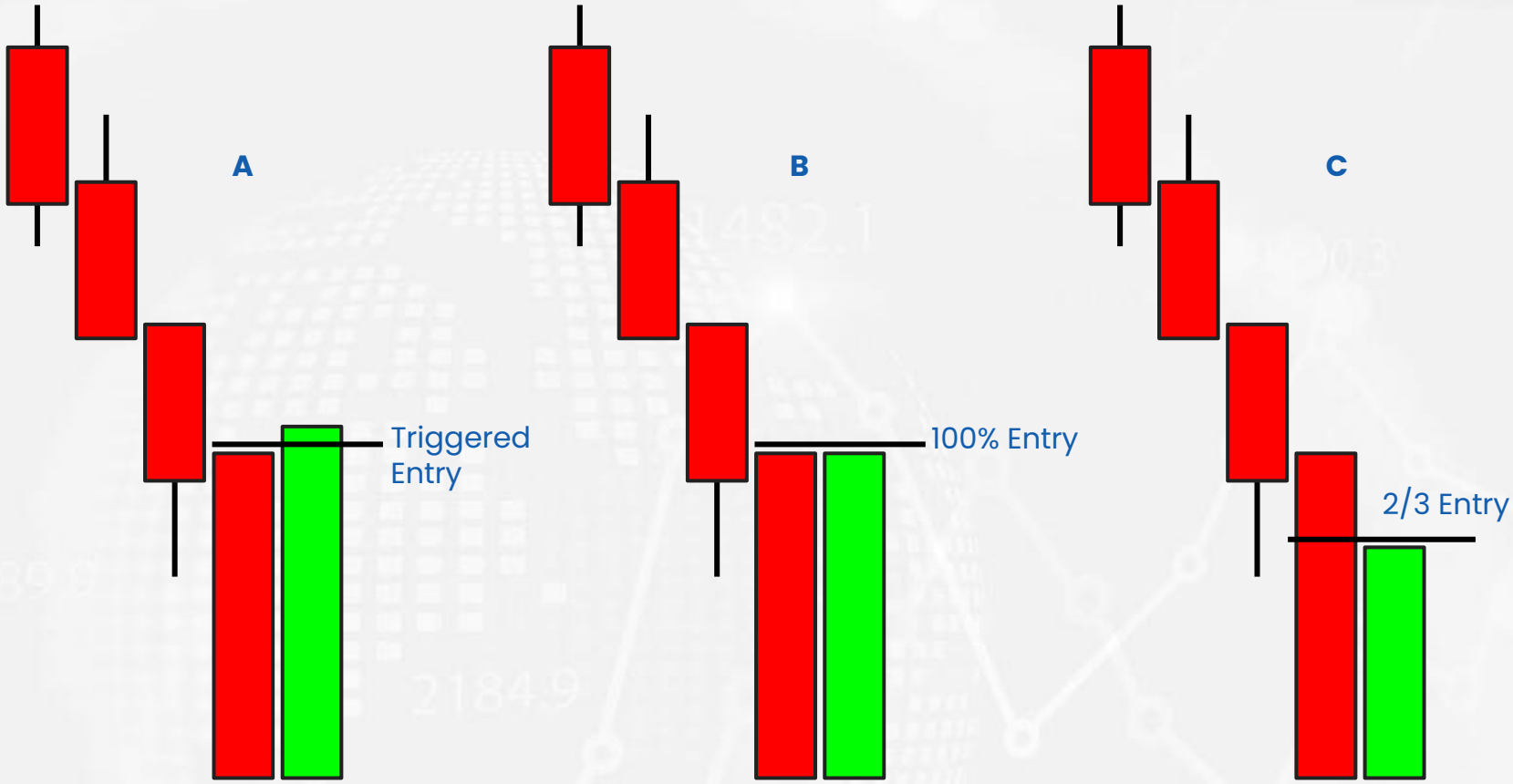
IMPORTANT POINTS

1. Works accurately on stocks in all price ranges.
2. Works best as a multi-bar trading tactic and can often result in healthy gains.
3. Properly used this tactic can enjoy an incredible accuracy rate.
4. When you've found a Bull 180, know that you have just grabbed the absolute low for a very long period time, relative to the time period.

BUY ACTION

1. Buy the stock $0.01 above the high of the red bar if and when it's violated.
Tip: Some traders may prefer to use the 2/3 or greater rule if prior red bars exist before the most current one, the TIF rules apply in this situation. If the current red bar is the only red one, however, the trader must use the 100% entry method.
2. Place a protective stop $0.01 below the entry bar's low. If that is too far away, use the 2/3 stop loss method. Trail after a two bar lift.

Bull 180° Play (+180)



Trading Note:
A) When a Bull 180 clears the prior bar's high the entry can be made before the bar is complete and without regard to the TIF Rules.

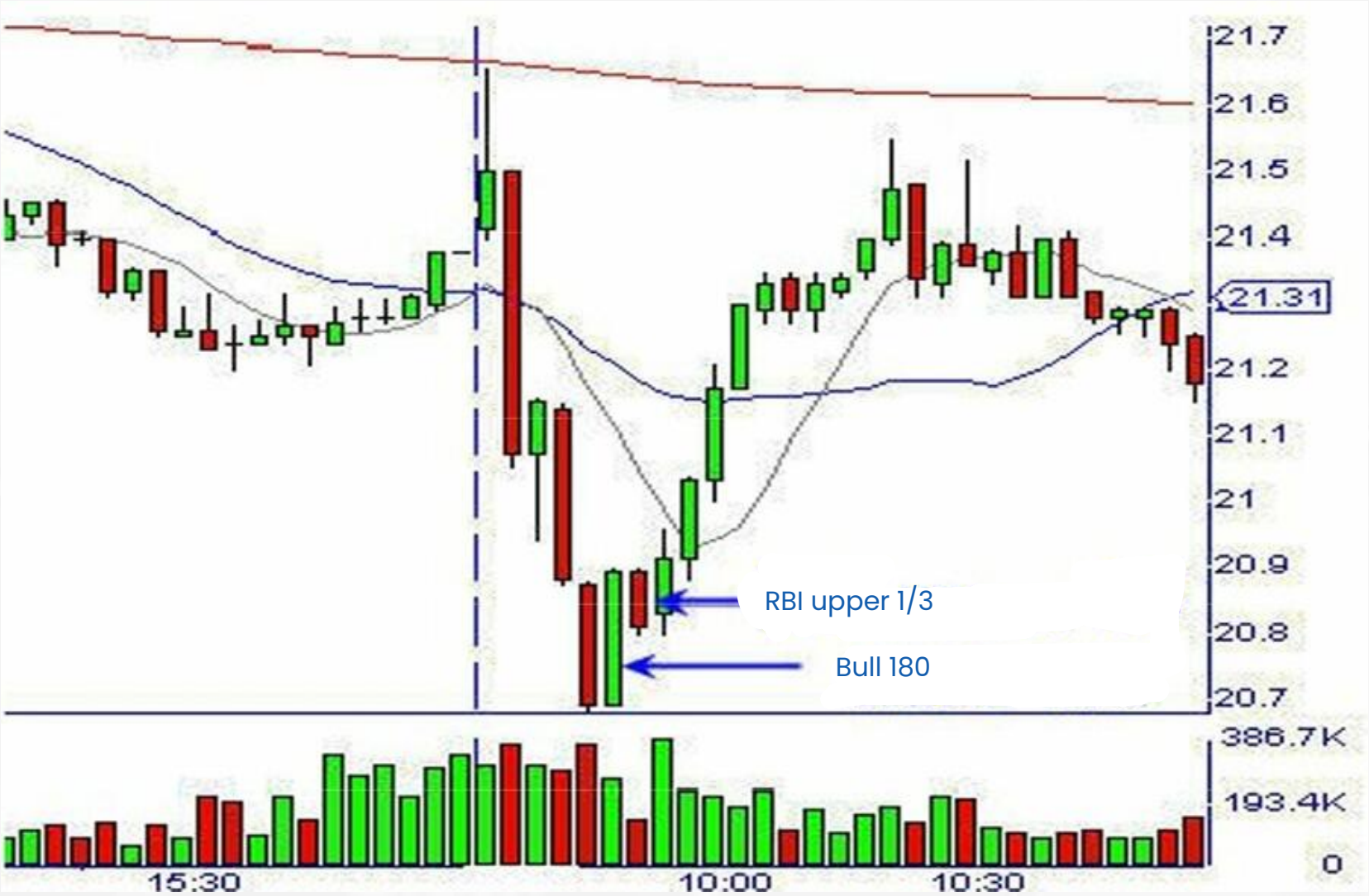
B&C) When a Bull 180 is forming and is between the 100% and 2/3 retracement of the prior bar's high, the TIF Rules must be followed if an entry is to be made before the bar is complete.

Bull 180° Play (+180)

Bull 180° Play (+180)

Bull 180° Play (+180)

Bull 180° Play (+180)



Bear 180° Play (-180)

PATTERN SETUP

1. The current bar must represent a very bullish period. This is to say that most of the bar's range should be green.
2. The open must be in the bottom part of bar's range.
3. The close must be in the top part of the bar's range.
4. The further this bar is away from the 20ma, the better.

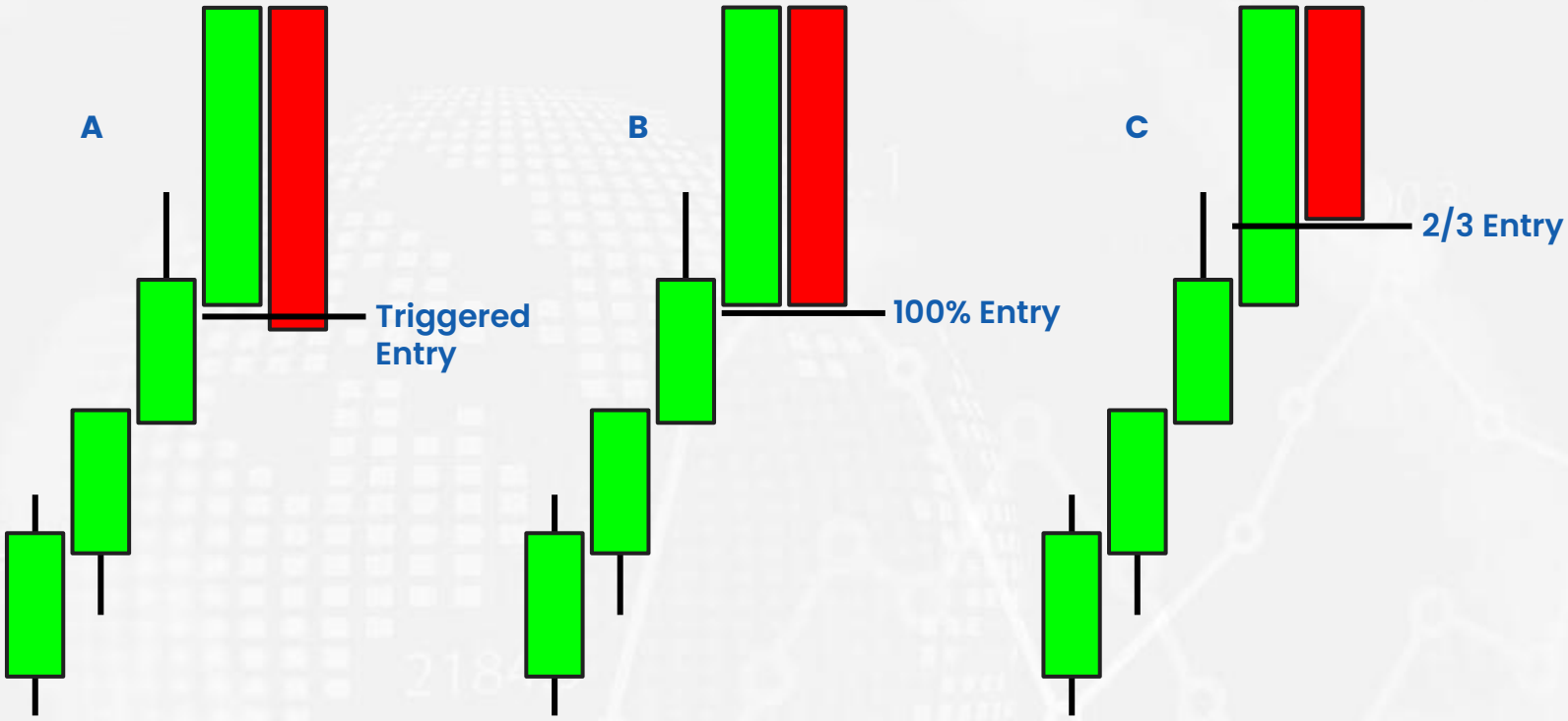
IMPORTANT POINTS

1. Works accurately on stocks in all price ranges.
2. Works best as a multi-bar trading tactic and can often result in healthy gains.
3. Properly used this tactic can enjoy an incredible accuracy rate.
4. When you've found a Bear 180, know that you have just grabbed the absolute top for a very long period time, relative to the time period.

SHORT ACTION

1. Short the stock $0.01 below the low of the green bar if and when it's violated.
Tip: Some traders may prefer to use the 2/3 entry rule if prior green bars exist before the most current one, the TIF rules apply in this situation. If the current green bar is the only green one, however, the trader must use the 100% entry method.
2. Place a protective stop $0.01 above the entry bar's high. If that is too far away, use the 2/3 stop loss method. Trail after a two bar drop.

Bear 180° Play (-180)



Nota de Trading:
A) When a Bear 180 clears the prior bar's low the entry can be made before the bar is complete and without regard to the **TIF** Rules.

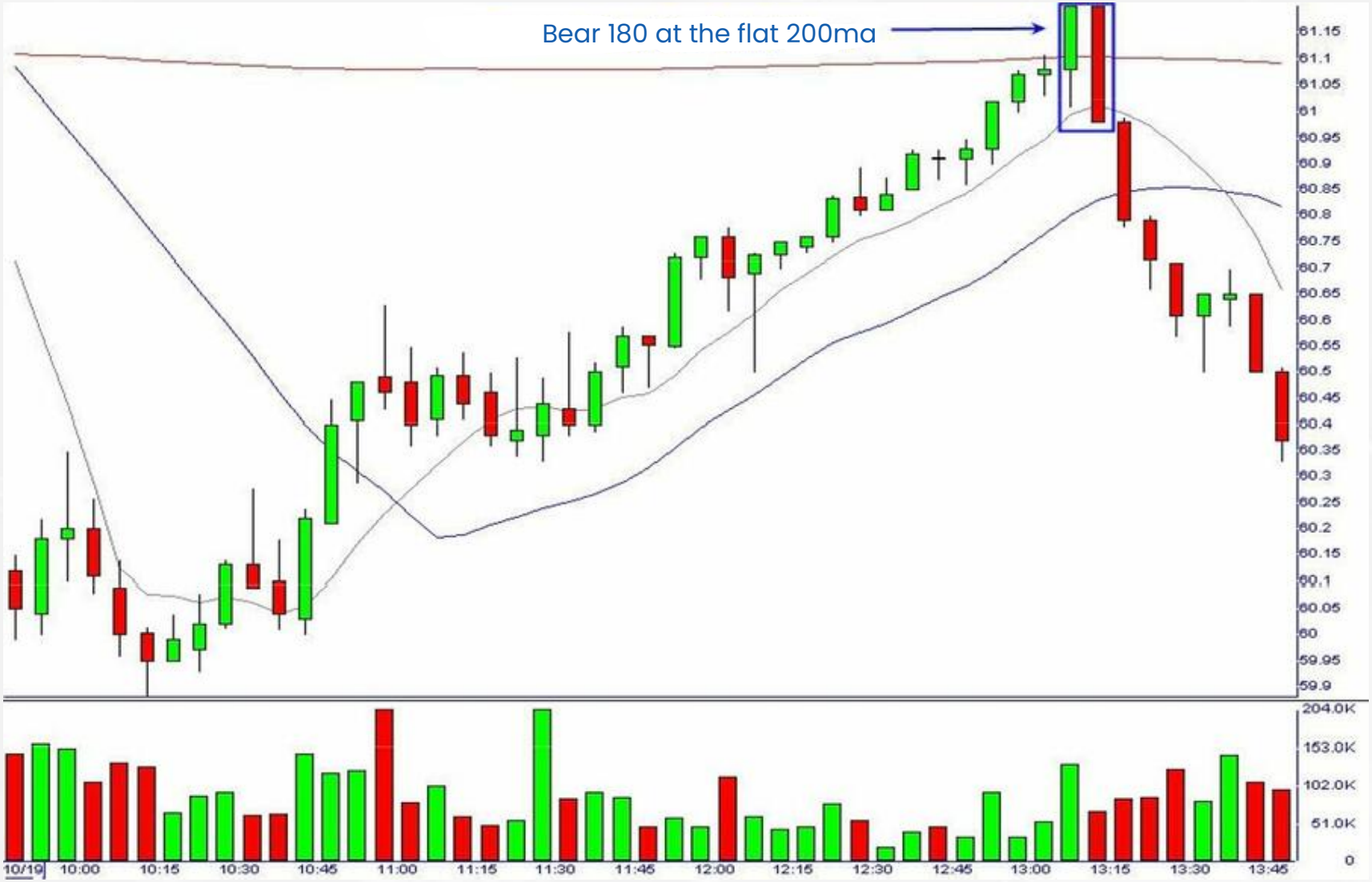
B**&**C) When a Bear 180 is forming and is between the 100% and 2/3 retracement of the prior bar's high, the TIF Rules must be followed if an entry is to be made before the bar is complete.

Bear 180° & Others

1-Two NBs kicked off an explosive move; 2- Bear 180; 3- GUS off support; 4- VSS w/ NBs and GBI; 5-NB on Support; 6 - VBS w/ BT and GBR on MPS

Bear 180° Play (-180)

Bear 180° Play (-180)



Bear 180° Play (-180)

Green and Red Bar Ignored

Chapter 17.2

"A long watch list leads to missed opportunities"
Oliver Velez

Red Bar Ignored (RBI)

PATTERN SETUP

1. Bar 1 must be a bullish green bar. This is the bar that dictates the direction of the trade.
2. Bar 2 must be a red bar. The best red bars stay (trade) within the top 1/3 of Bar 1, without trading above Bar 1's high, but this is not required.

IMPORTANT POINTS

1. This tactic works amazingly on all times frames, but is even more powerful when used on the 5-min, 2-min and 1-min time frames.
2. Works accurately on stocks in all price ranges.
3. This tactic has an amazing accuracy rate.
4. This buy tactic helps traders jump on board strong trending stocks already in motion.

BUY ACTION

1. Immediately buy when Bar 3 (or 4) trades $0.01 above the highs of Bar 2 (red bar).
Nota: This signifies that the very brief negativity of the red bar was nothing more than a breather for the stock. When red bars are ignored, explosive moves tend to follow.
2. Place your stop $0.01 below the low of your entry bar. Note: This makes this tactic very low risk, especially when the red bar is of the narrow range variety.
3. Use a trailing stop strategy until:

- **a)** Your objective has been met
- **b)** The low of a reversal bar has been violated, or
- **c)** Your incremental sell approach has led to you running out of shares to sell.

Red Bar Ignored (RBI)

Red Bar Ignored (RBI)

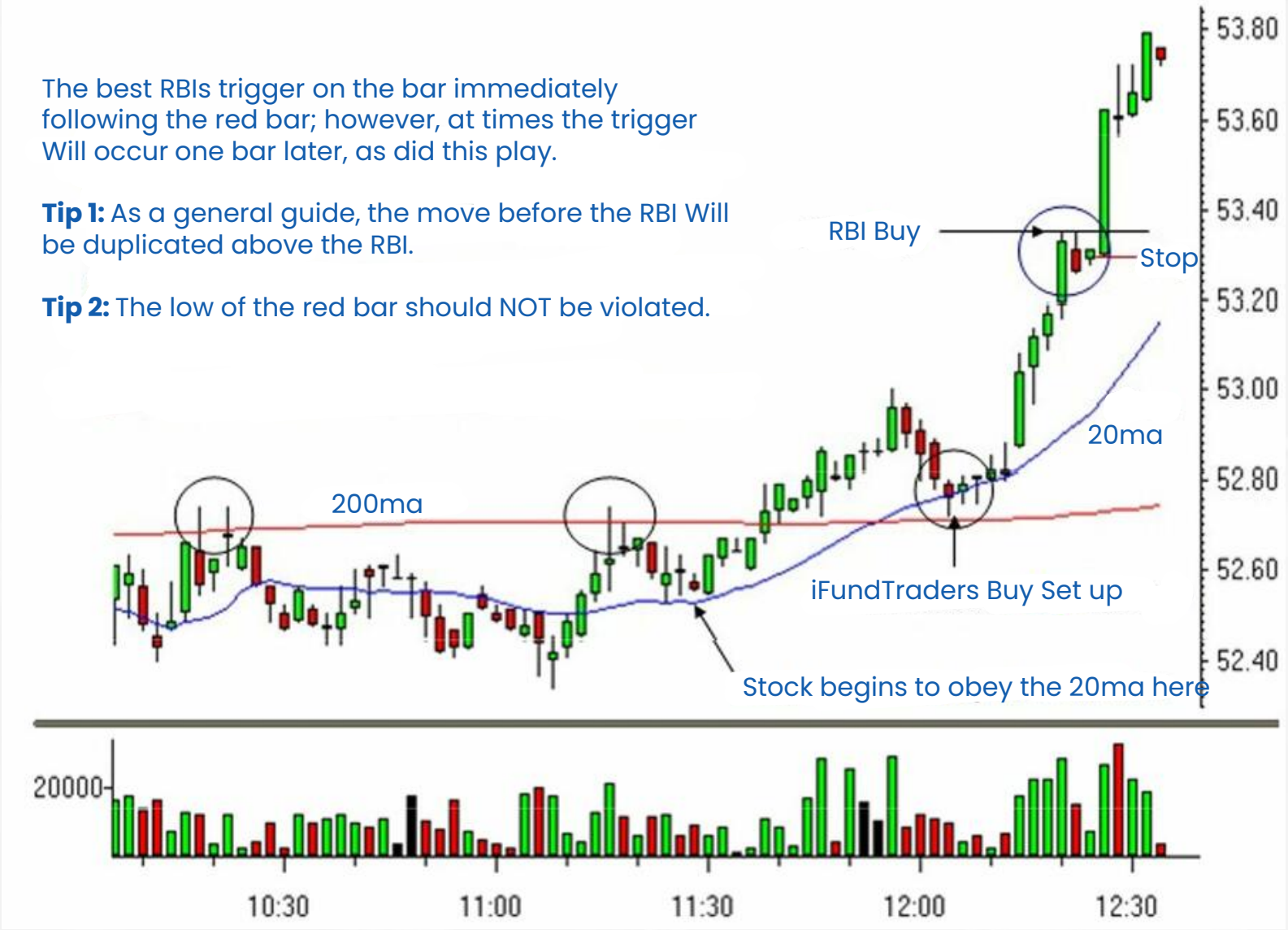
Red Bar Ignored (RBI)

Red Bar Ignored (RBI)

The best RBIs trigger on the bar immediately following the red bar; however, at times the trigger Will occur one bar later, as did this play.

Tip 1: As a general guide, the move before the RBI Will be duplicated above the RBI.

Tip 2: The low of the red bar should NOT be violated.



Red Bar Ignored (RBI)

Red Bar Ignored (RBI)

Green Bar Ignored (GBI)

PATTERN SETUP

1. Bar 1 must be a bearish red bar. This is the bar that dictates the direction of the trade.
2. Bar 2 must be a green bar. The best green bars stay (trade) within the bottom 1/3 of Bar 1, without trading below Bar 1's low, but this is not required.

IMPORTANT POINTS

1. This tactic works amazingly on all times frames, but is even more powerful when used on the 5-min, 2-min and 1-min time frames.
2. Works accurately on stocks in all price ranges.
3. This tactic has an amazing accuracy rate.
4. This short tactic helps traders jump on board strong trending stocks already in motion and not delivering sellable rallies.

SHORT ACTION

1. Immediately short when Bar 3 (or 4) trades $0.01 below the lows of Bar 2 (green bar). Note: This signifies that the very brief bullishness of the green bar was nothing more than a breather for the weak stock. When green bars are ignored, explosive moves to the downside tend to follow.
2. Place your stop $0.01 above the high of your entry bar. Note: This makes this tactic very low risk, especially when the green bar is of the narrow range variety.
3. Use a trailing stop strategy until:

- **a)** Your objective has been met, or
- **b)** The high of a reversal bar has been violated, or
- **c)** Your incremental cover approach has led to you running out of shares to cover.

Green Bar Ignored (GBI)

Green Bar Ignored (GBI)

Green Bar Ignored (GBI)

Green Bar Ignored (GBI)

Gap Strategies & How to Profit from Them

Chapter 18

"What the tape says is far more important than why it's saying it."
- Jesse Livermore

iFundTraders GAP Buy Tactics

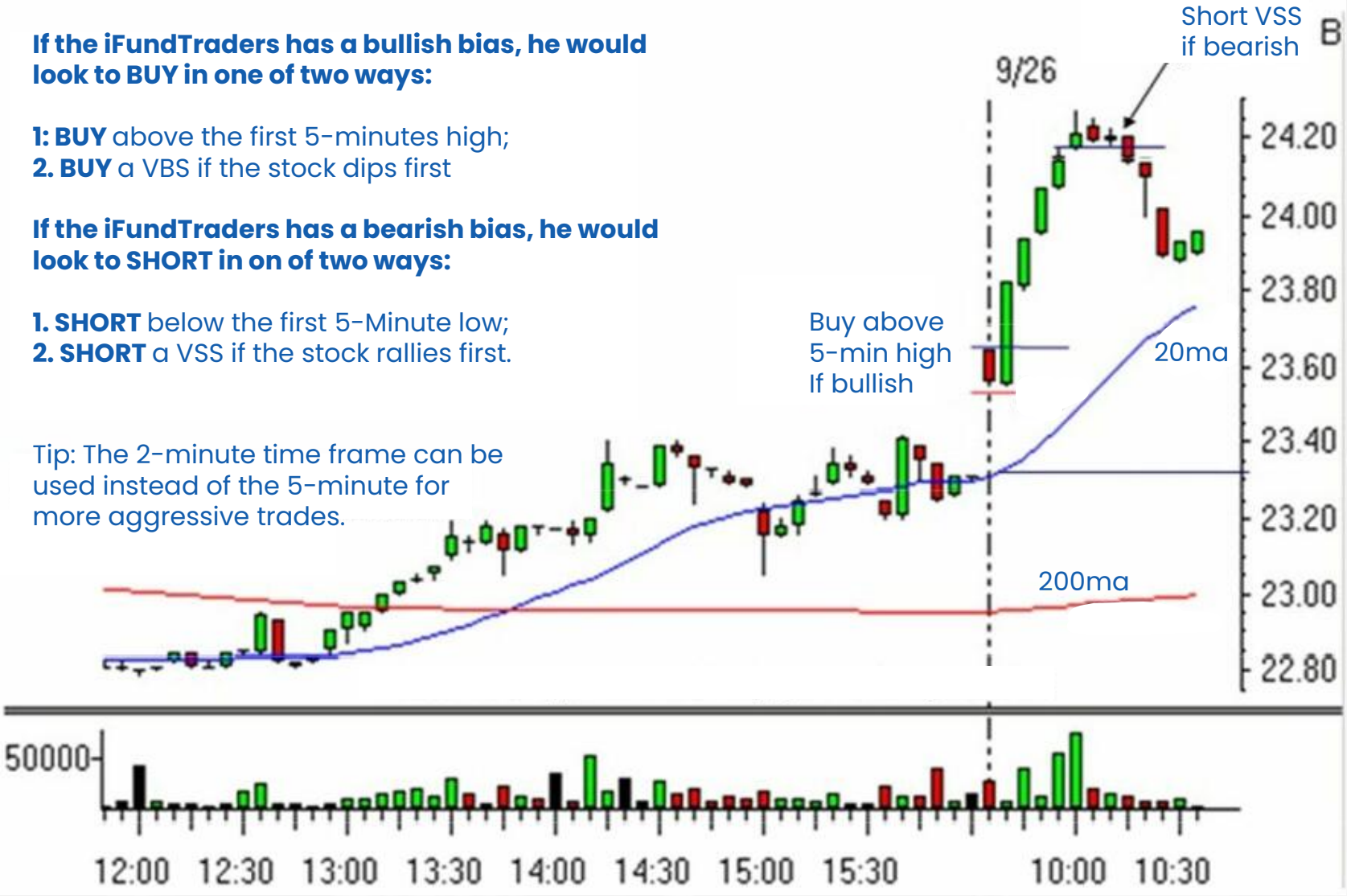
If the iFundTraders has a bullish bias, he would look to BUY in one of two ways:

1: BUY above the first 5-minutes high;
2. BUY a VBS if the stock dips first

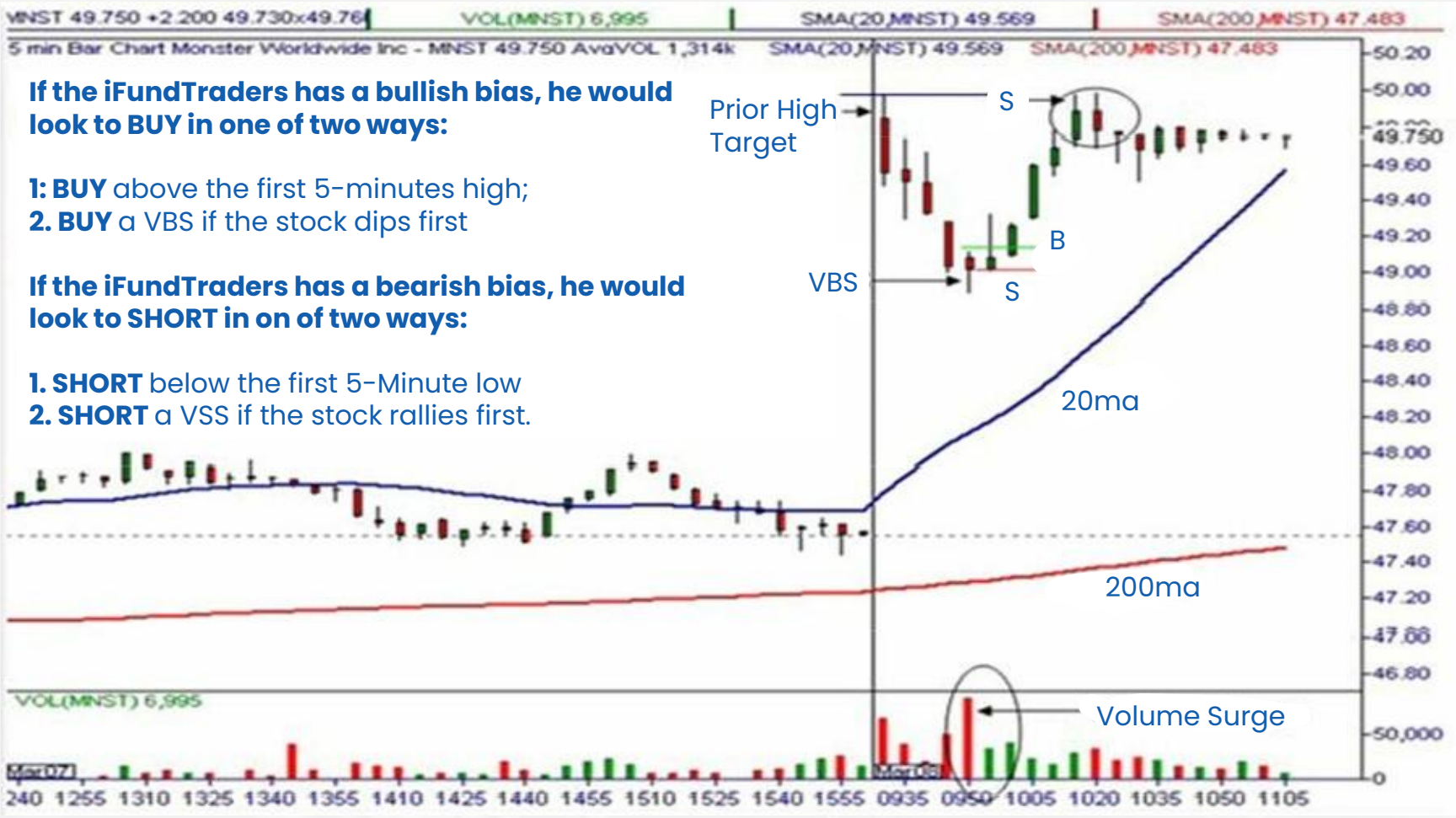
If the iFundTraders has a bearish bias, he would look to SHORT in on of two ways:

1. SHORT below the first 5-Minute low;
2. SHORT a VSS if the stock rallies first.

Tip: The 2-minute time frame can be used instead of the 5-minute for more aggressive trades.



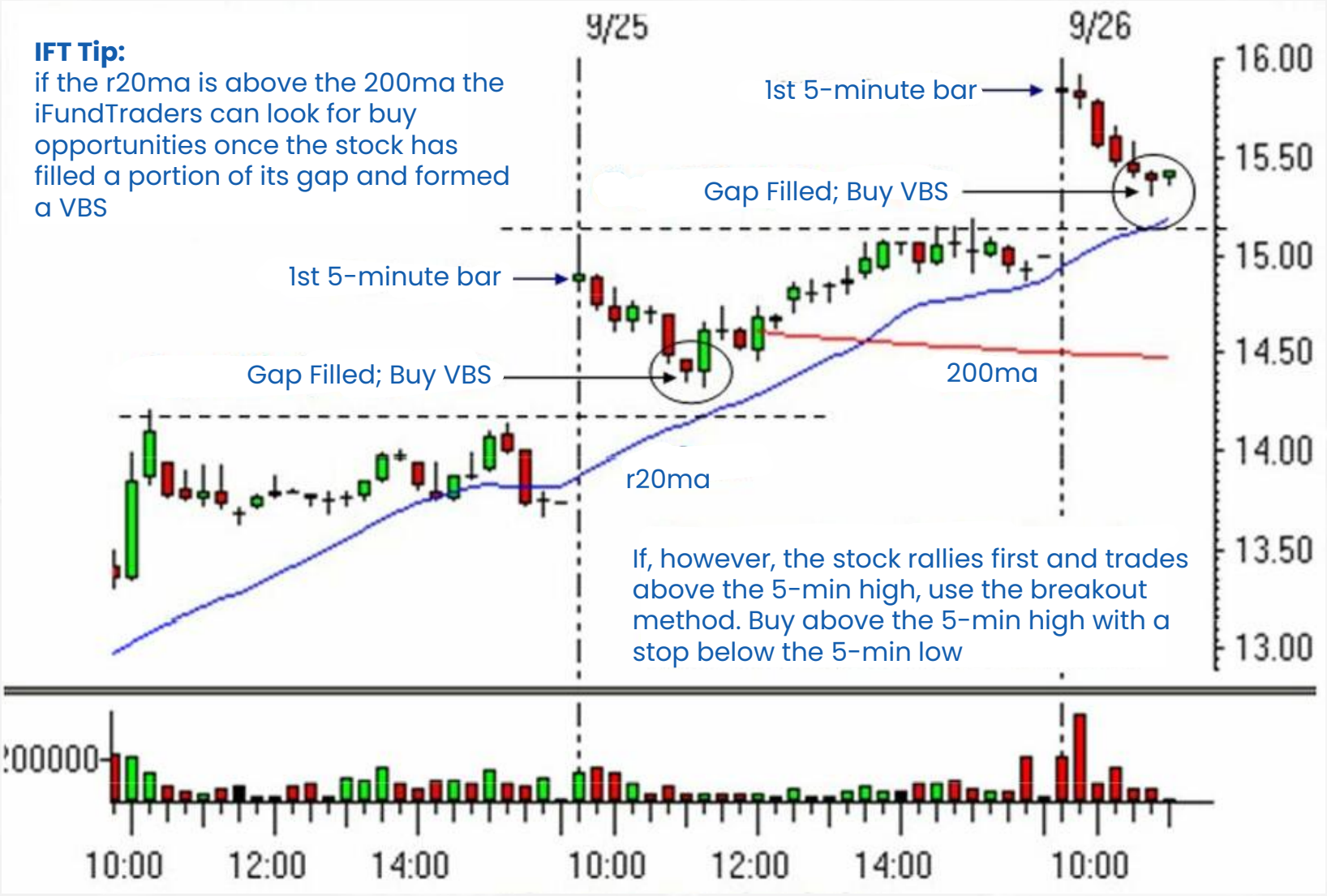
iFundTraders GAP Buy Tactics



After a gap up in the morning off prior days close support, the stock pulls back to give a near perfect VBS right around the 10:00 RT. A long bias causes the iFund Trader to wait for a buy set-up.

iFundTraders GAP Buy Tactics

iFundTraders GAP Buy Tactics



2-minute Gap Buy

Bull Monster Gap Play (+BMG)

PATTERN SETUP

1. Bar 1 must be a relatively solid red bar. This is the bar that indicates the a large number of traders have sold already. Note: The smaller the upper and lower tails on Bar 1 the better.
2. Bar 2 must open above the high of Bar 1.
Note: This signifies that now every hedge fund, mutual fund, trader and investor who sold short during Bar 1 is now in negative territory. All shorts are thrown for a loop and a short squeeze is underway.

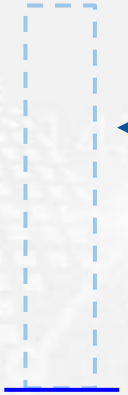
IMPORTANT POINTS

1. This tactic has a high accuracy rate and usually produces an upside bias for the stock over the next (3 to 8 days), but will deliver huge losses when it fails.
2. This long tactic is a derivative of the Gap Up Surprise (GUS).

ACTION

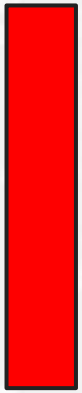
1. Buy .01 (one penny) above the high of the first 2 or 5-minute bar. Place your stop just below the low of the entry bar.
2. Use the Bar-by-Bar Stop Method or use the 8ma or 20ma trailing stop method on the 2-minute chart to ride part of the trade for all it's worth. The 20ma on the 5-minute chart can be used to the ride the play once the move has matured.
3. If the stock does not trade up at first, but rather immediately trades down, look for a VBS on the 2 or 5-minute chart to buy before the 10:00 Reversal Time.

Bull Monster Gap (+BMG)



BUY break above the 2- or 5-min high here

The following morning the stock must open above the entire red bar.



Prior bar must be a solid **red** bar. The majority of the bar's range from high to low must be **red**.

Look for **VBS** on the 2-or S-min chart here

Action: **Buy** above the 5-minute high or **buy** the VBS, whichever happens first.

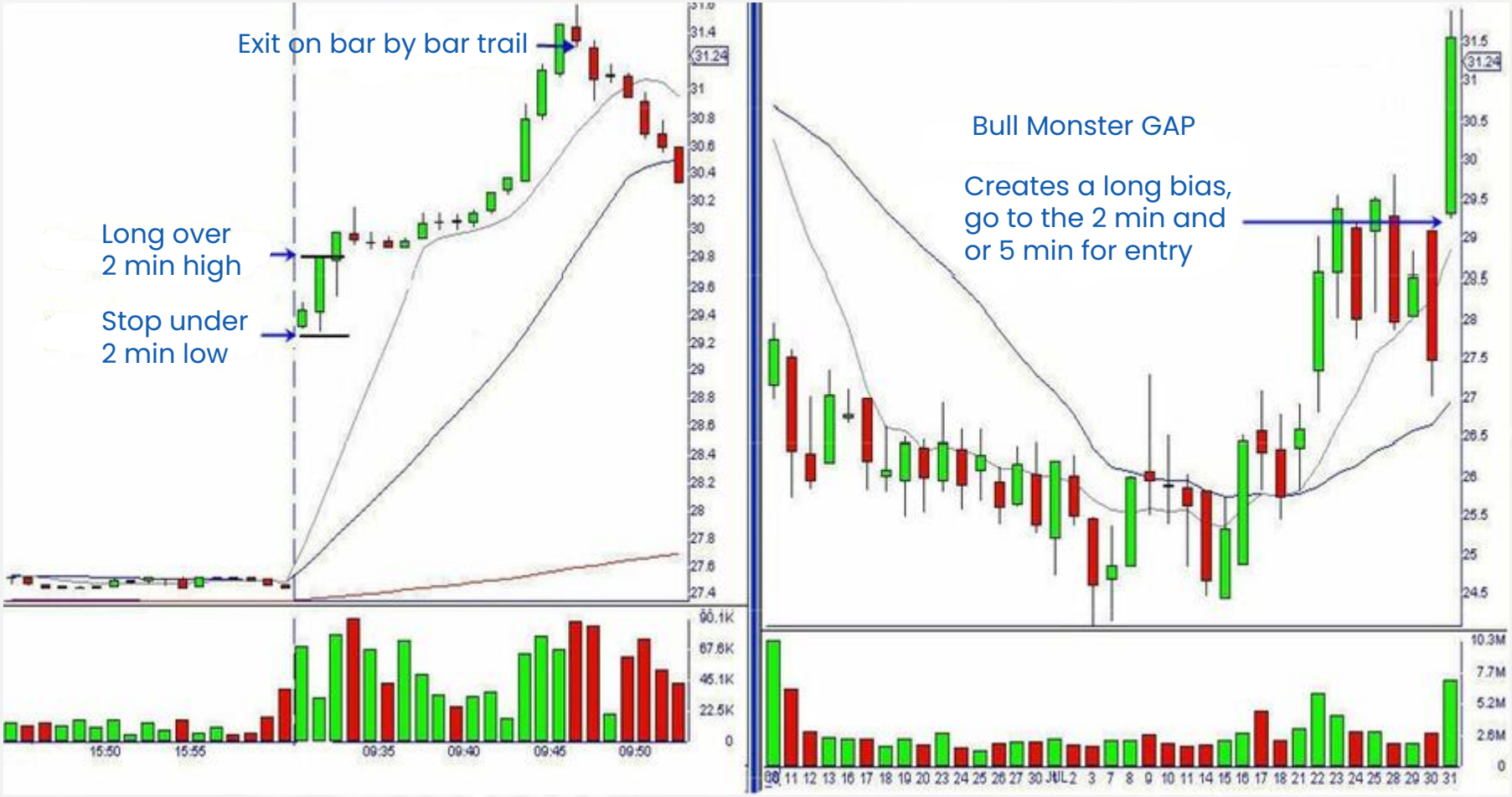
Bull Monster Gap (+BMG)

Bull Monster Gap (+BMG)

Bull Monster Gap (+BMG)

Bull Monster Gap (+BMG)

Bull Monster Gap (+BMG)



Bull Monster Gap (+BMG)

Bear Monster Gap (-BMG)

PATTERN SETUP

1. Bar 1 must be a relatively solid green bar. This is the bar that indicates the a large number of traders have bought already.
Note: The smaller the upper and lower tails on Bar 1 the better.
2. Bar 2 must open below the low of Bar 1.
Note: This signifies that now every hedge fund, mutual fund, trader and investor who bought during Bar 1 is now in negative territory. All longs are thrown for a loop and a shake out is underway.

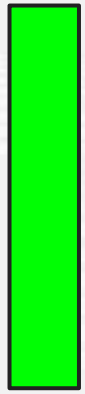
IMPORTANT POINTS

1. This tactic has a high accuracy rate and usually produces a downside bias for the stock over the next (3 to 8 days), but will deliver huge losses when it fails.
2. This **short/sell** tactic is a derivative of the Gap Down Surprise (GDS).

ACTION

1. Short .01 (one penny) below the low of the first 2 or 5-minute bar. Place your stop just above the high of the entry bar.
2. Use the Bar-by-Bar Stop Method or use the 8ma or 20ma trailing stop method on the 2-minute chart to ride part of the trade for all it's worth. The 20ma on the 5-minute chart can be used to the ride the play once the move has matured.
3. If the stock does not trade down at first, but rather immediately trades up, look for a VSS on the 2 or 5-minute chart to sell before the 10:00 Reversal Time.

Bear Monster Gap (+BMG)



Prior bar must be a solid **green** bar. The majority of the bar's range from high to low must be **green**.

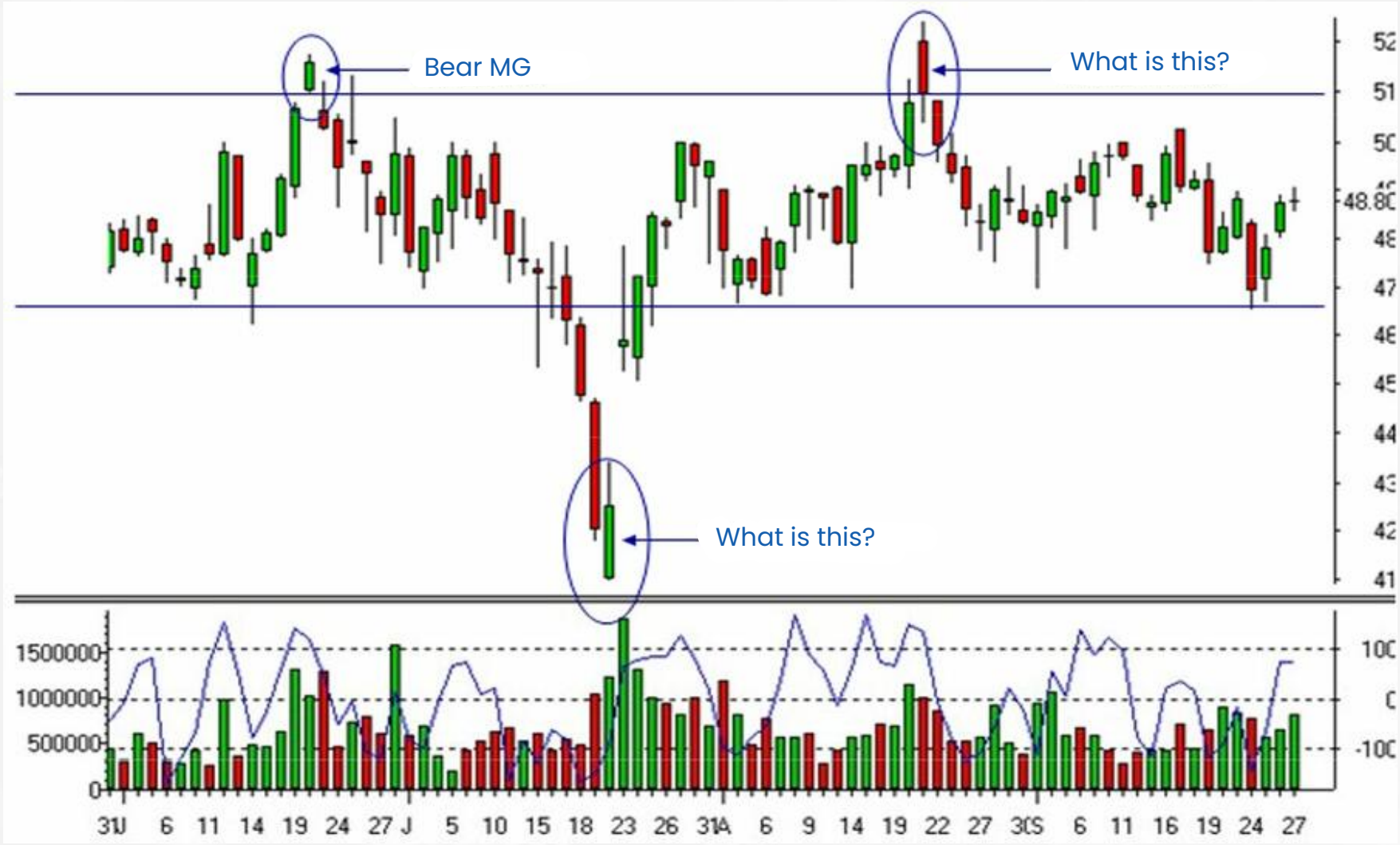
Short VSS here

The following morning the stock must open below the entire green bar.

Short break below the 2- or 5-min low here.

Action: **Short** below the 5-minute low or **short** the VSS, whichever happens first.

Bear Monster Gap (+BMG)



Bear Monster Gap (+BMG)

Bear Monster Gap (+BMG)

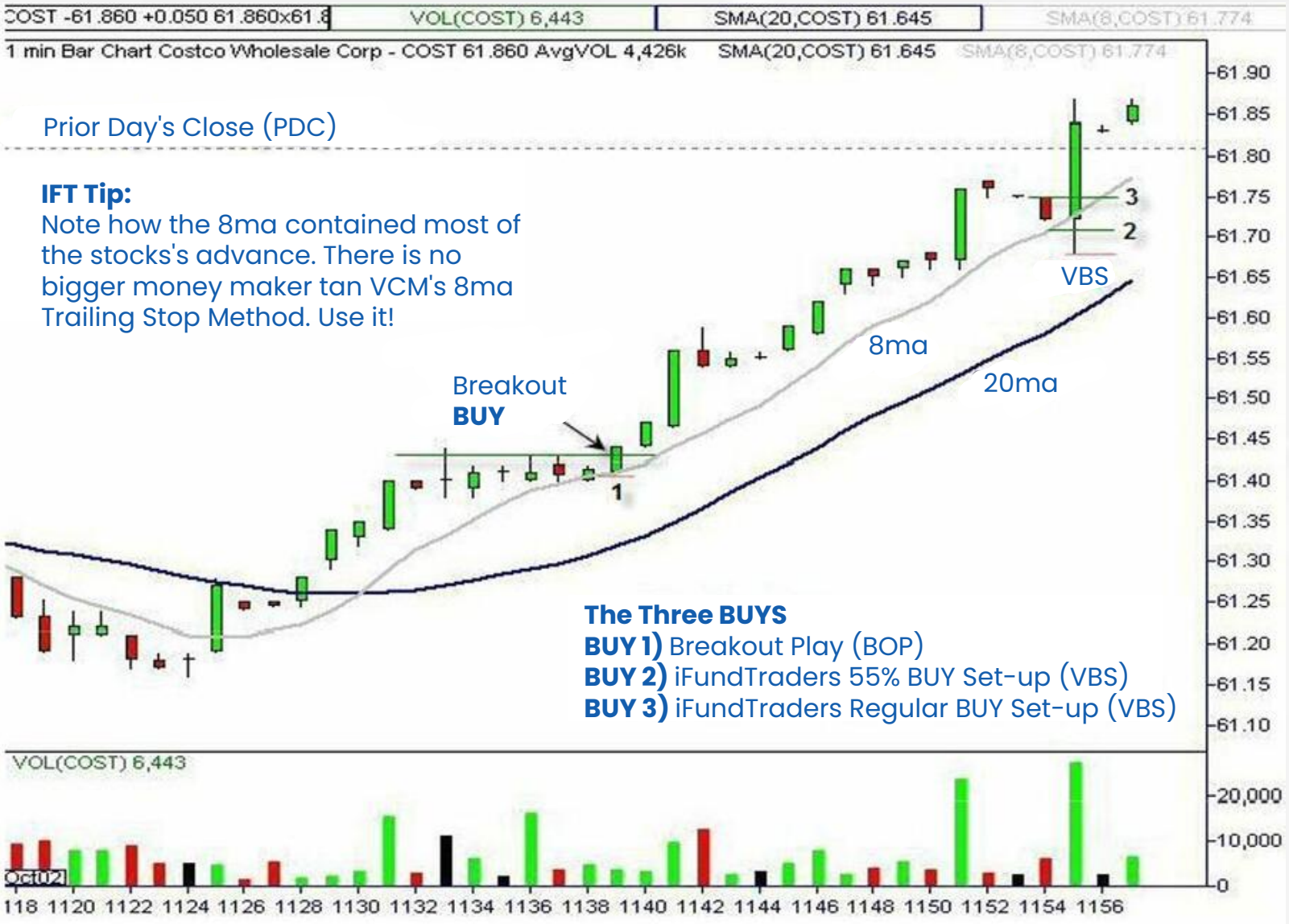
Bear Monster Gap (+BMG)

Trading Tactics: Chart Review

Chapter 19

Trade For Life™ a complete guide to trading for a living
iFund Traders, L.L.C.

iFundTraders Buy Opportunities



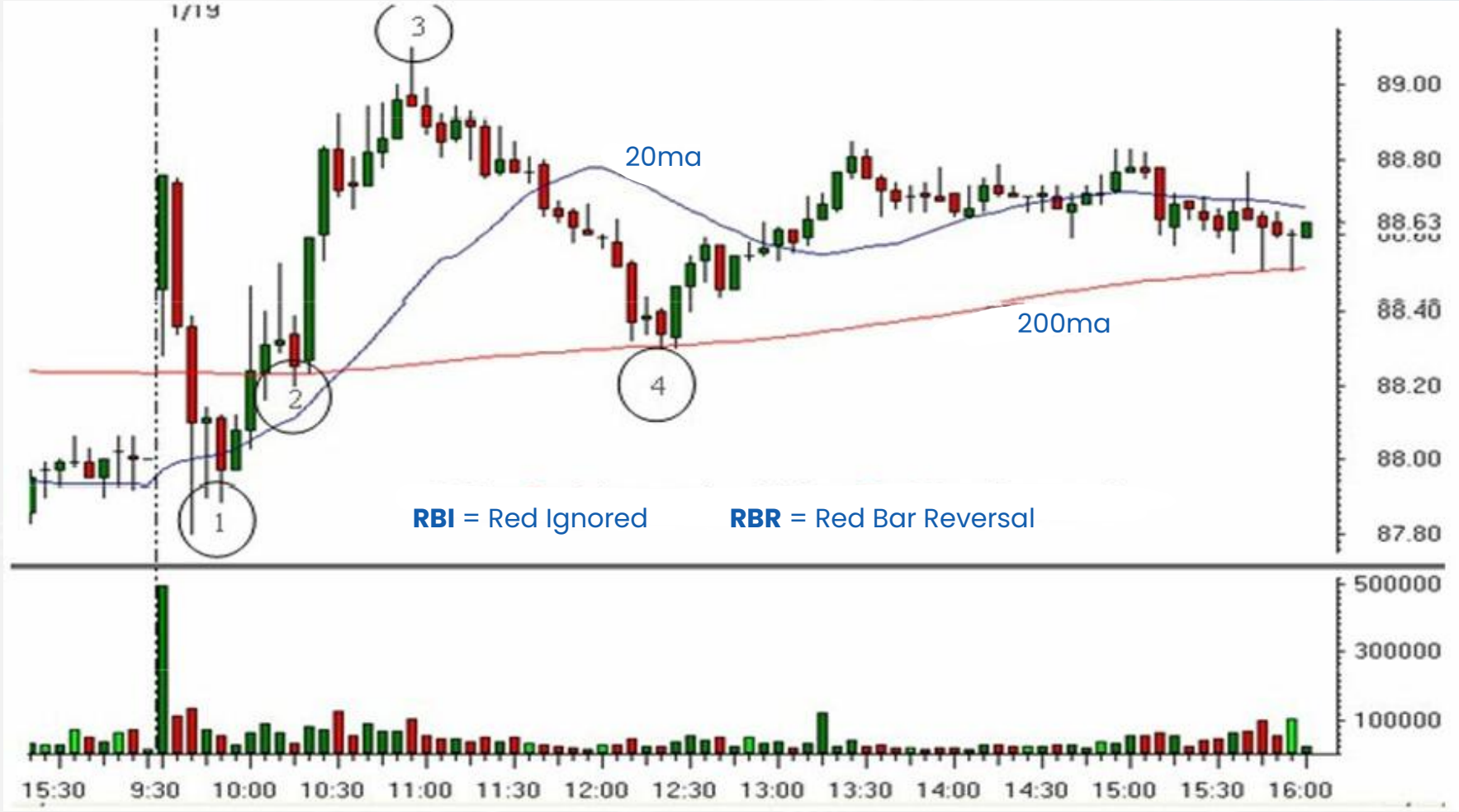
Wide Range Bar

IFT Tip:
WRBs "after" 3 or more up/down bars tend to mark the near end of a move.

Bear Wide Range Bar:
When these happen "after" an already extended move down, you can be rest assured you are close to the bottom. I Start to bid very aggressively at the current inside bid/Price and multiple levels below.

iFundTraders Tactics

Reversal Bar Plays



1-After filling the opening gap, bottoming tails form, suggesting support has been found. The RBI ignites the move up. 2- After breaking above the 200ma, the stock finds support and the RBI ignites the move up. 3- After an extended move, a RBR, coupled with a topping tail that formed well above the 20ma puts in the top. 4- Once support is found at the 200ma, an RBI ignites the move up.

Putting It All Together

Putting It All Together

Putting It All Together

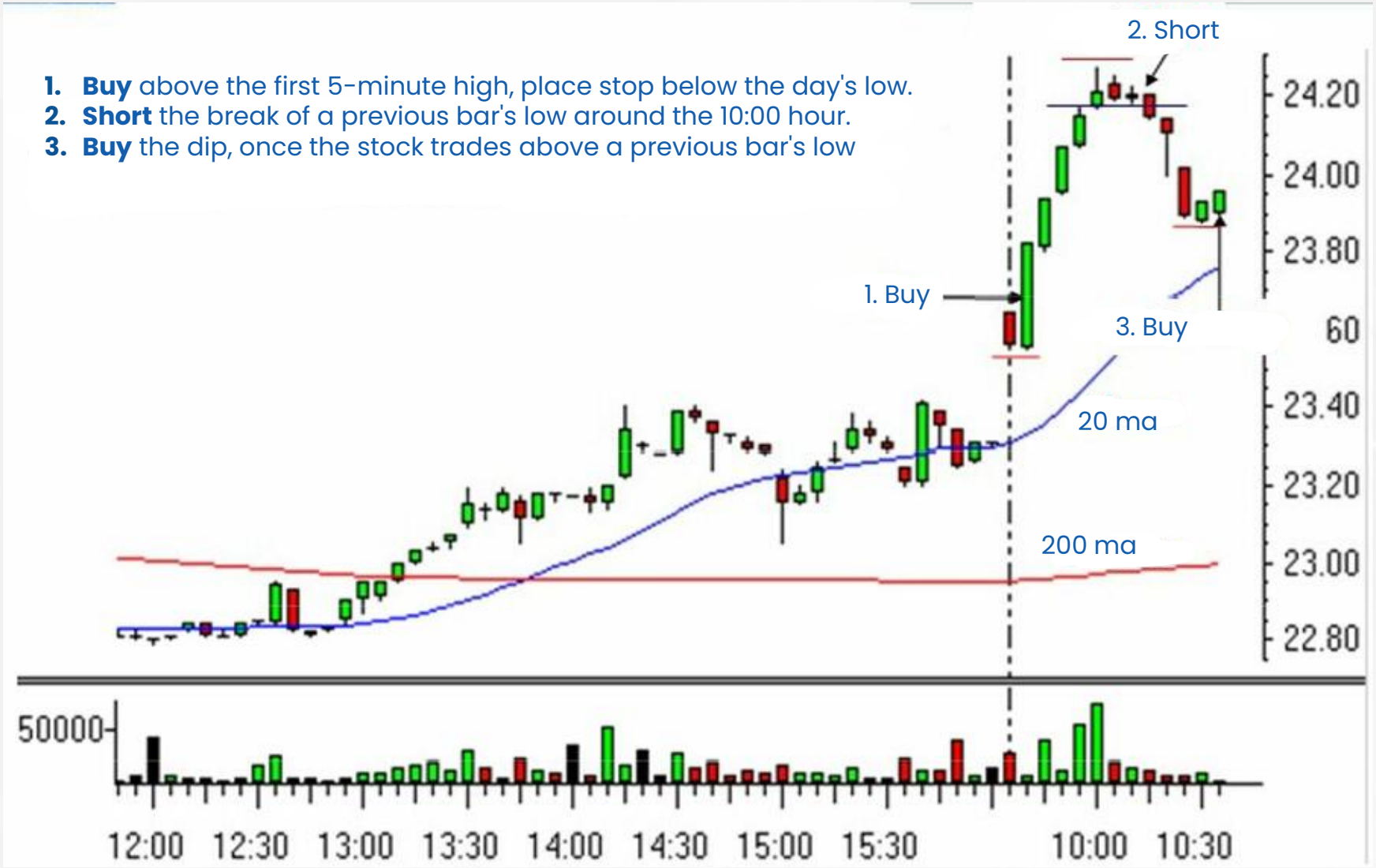
Anatomy of a Bottom

Anatomy of a Bottom

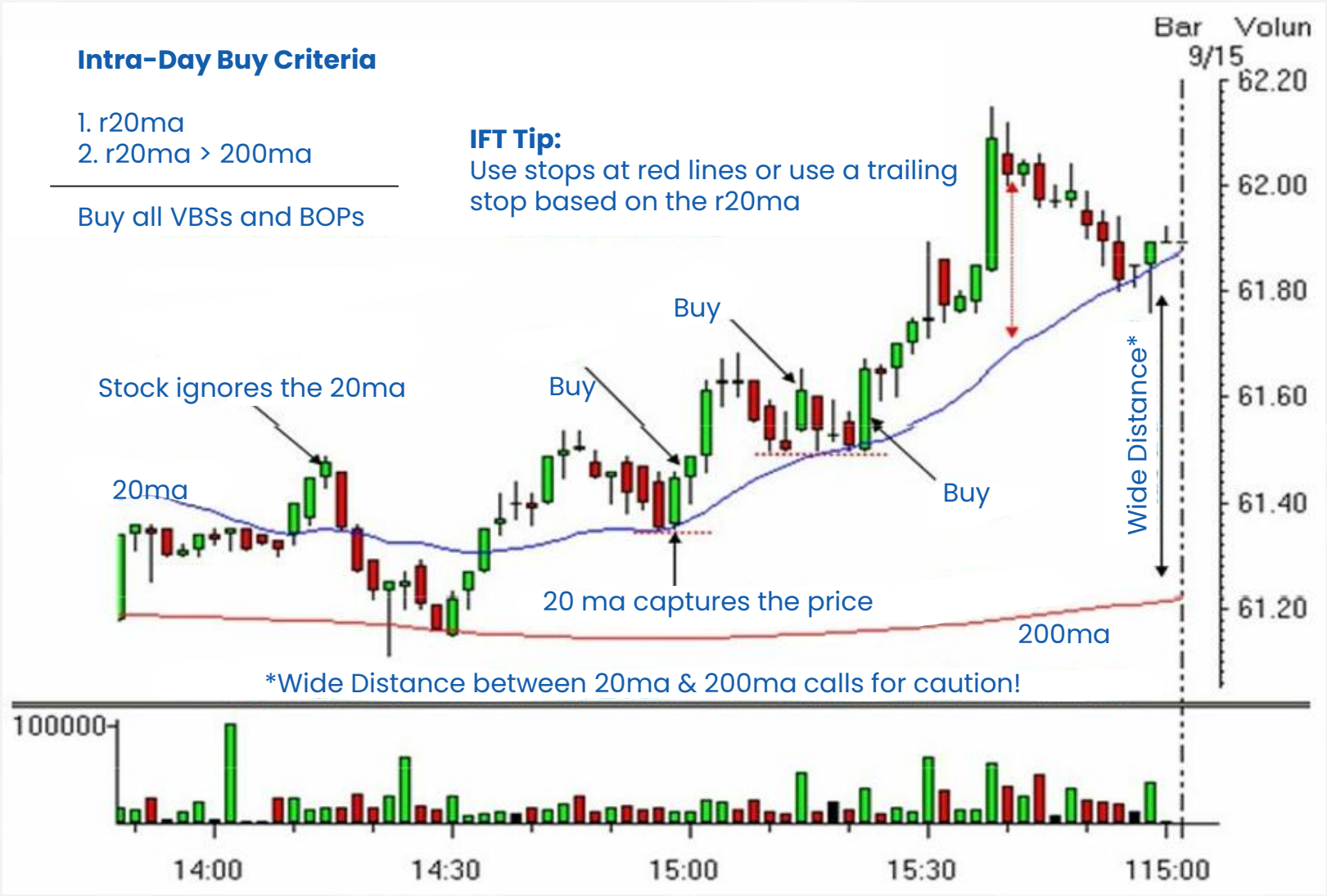
Market Law 4: Double Bottom

Micro Trading Tactics

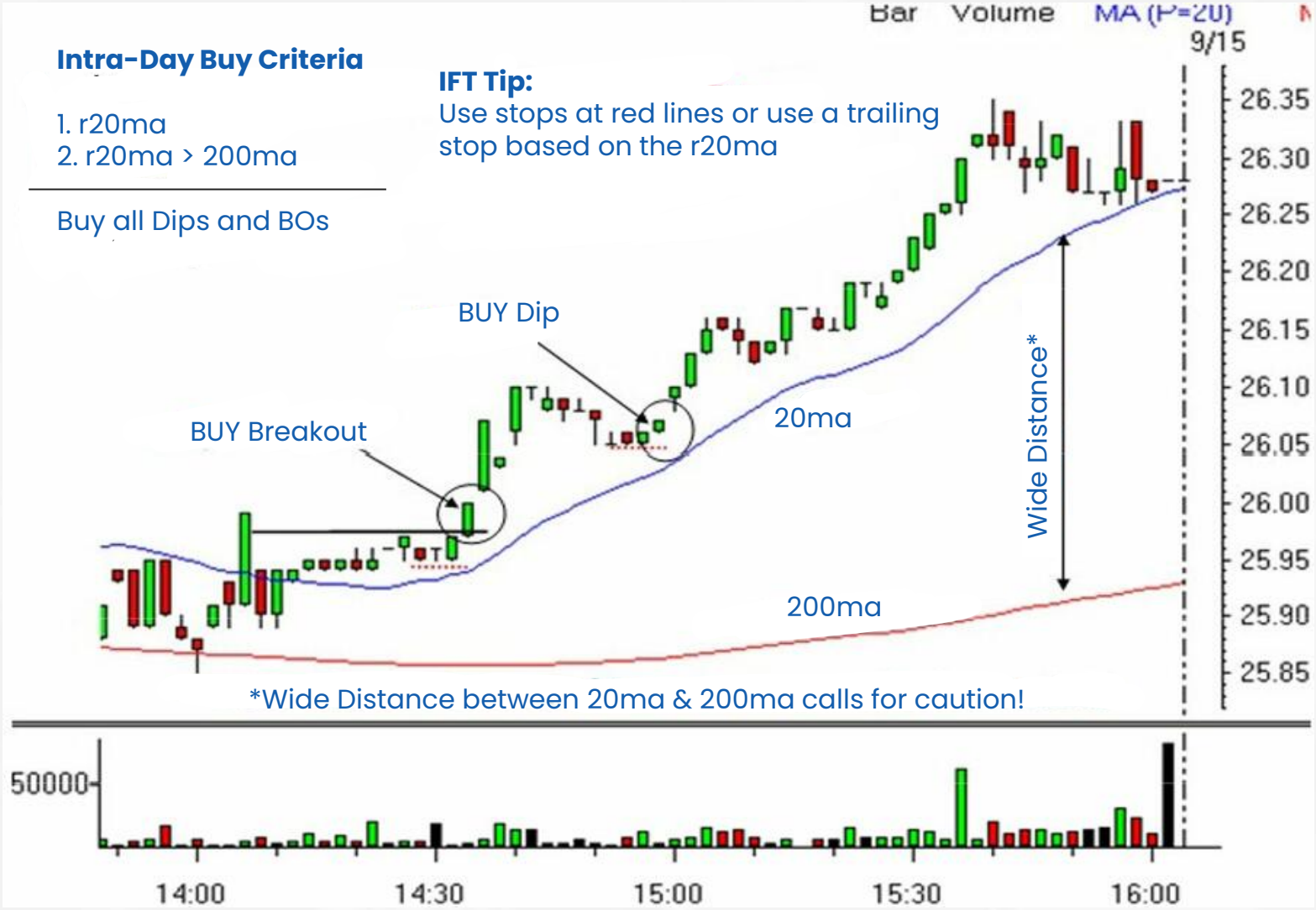
1. **Buy** above the first 5-minute high, place stop below the day's low.
2. **Short** the break of a previous bar's low around the 10:00 hour.
3. **Buy** the dip, once the stock trades above a previous bar's low



2-minute Micro Trading



2-minute Micro Trading



15-minute Trading

iFundTraders Tactics

After a gap up in the morning off prior day close support, this stock pulls back to give a near perfect VBS right around the 10:00 RT. After rallying to its prior high, a tight base forms at or near the 20ma.

Risk Units by Dr. Dan

Chapter 20

Defining your “R”

The R Unit

“R” is used to define a standardized unit of risk. We can then use this for assessing the risk and potential reward of a trade. This also allows any given trade opportunity to be assessed and compared to other trades regardless of trade strategy, time frame, or size of the account being traded.

Defining your personal R Unit

Your personal “R” is simply the maximum amount of money you are going to risk per trade.

Keeping this amount similar with the majority of your trades will help you take advantage of the probabilities of success and failure that exist across all trading strategies and set ups.

It is also necessary to define and determine the risk/reward ratio for a given trade opportunity.

Using the R unit will act as a filter to help you determine which trade setups could be taken and which ones should be skipped if they do not fit your personal risk profile.

R Multiples

R Multiples for Profits

Using R multiples allows you to determine the potential the risk/reward outcome for a given trade.

The actual result can then be compared to the original risk/reward scenario that was established at the start of the trade to determine the overall success of the trade.

Just looking at the total profit of a trade without comparing it to the risk taken to generate that profit can actually mislead a trader in regards to the success of a given trade.

Expressing your profits in R multiples allows you to compare all your trade results regardless of strategy or timeframe.

R unit and share (lot) size

Share size will not and should not be the same on every trade, the share size will be a function of the R unit (standard risk amount) chosen by the trader.

Each trade opportunity has to be evaluated by determining the entry price and the stop price in order to calculate the amount of risk required for 100 shares (1 lot) for that particular trade. The result is then compared to the R unit being used by the trader to see if it fits the risk profile or not.

Once the trader has determined the risk amount does fall within the personal R unit then the shares (lots) can be adjusted to maximize the R unit being used.

Examples

Putting it all together

A trader decides to use $50 as their personal R unit.

Using 100 shares (1 lot) as the base unit would require the trade set-ups have 50 cents or less as the range between the entry and the stop.

(100 shares * 50 cents = $50)

Lets review some trade scenarios

Trade review

Trade #1 – The set-up has 50 cents between the entry and the stop, 100 shares could be used and maintain the $50 R unit (100 shares * 50 cents = $50)

Trade #2 – The set-up has 25 cents between the entry and the stop, 200 shares could be used and maintain the $50 R unit (200 shares * 25 cents = $50)

Trade #3 – The set-up has 10 cents between the entry and the stop, 500 shares could be used and maintain the $50 R unit (500 shares * 10 cents = $50)

Trade #4 – The set -up has $1.00 between the entry and the stop, this trade would not be taken since the base unit of 100 shares used would exceed the $50 R unit (100 shares * $1.00 = $100)

PL with $50 R unit

Trade #1 – The stop amount is 50 cents. The trade is taken with 100 shares.
(100*.50 = $50) The trade was not successful and the stop was hit resulting in a **$50** loss.
The result can be expressed as a **1R loss**

Trade #2 - The stop amount is 30 cents. The trade is taken with 200 shares.
(200*.30 = $60) The trade was not successful and the stop was hit resulting in a **$60** loss.
The result can be expressed as a **1.2R loss**

Trade #3 - The stop amount is 10 cents. The trade is taken with 500 shares.
(500*.10 = $50) The profit trail is hit after a 60 cent move for a profit of **$300.**
The result can be expressed as a **6R profit** ($50 R unit *6 = $300)

Trade #4 - The stop amount is 25 cents. The trade is taken with 200 shares.
(200*.25 = $50) The trade was not successful and the stop was hit resulting in a $50 loss.
The result can be expressed as a **1R loss**

PL results

The trader had 4 trades, 1 win and 3 losses, the net gain was **$140**, we can express this as a **net gain of 2.8R unit of profits**
($50 R unit *2.8 = $140)

Keeping the risk consistent by taking advantage of proper share sizing on each trade allowed the trader to be profitable while only having one win out of 4 trades. Let's compare these same trades with a fixed share size approach

Fixed shares vs R units

The same trades are taken and the trader uses 100 shares for every trade instead of a fixed risk amount per trade.

Trade #1 – The stop amount is 50 cents. The trade is taken with 100 shares, the trade was not successful and the stop was hit resulting in a **$50** loss

Trade #2 - The stop amount is 30 cents. The trade is taken with 100 shares, The trade was not successful and the stop was hit resulting in a **$30** loss.

Trade #3 - The stop amount is 10 cents. The trade is taken with 100 shares, the profit trail is hit after a 60 cent move resulting in a **$60** profit

Trade #4 - The stop amount is 25 cents. The trade is taken with 100 shares, the trade was not successful and the stop was hit resulting in a **$25** loss.

Fixed shares vs R units

The fixed share size approach for the exact same trades resulted in a **net loss of $45** compared with fixed risk approach using the R unit which resulted **in a net profit of $140.**

Trading with fixed shares instead of a fixed risk did not allow the trader to take advantage of the random probability of success and therefore the one winning trade did not yield much profit because it only used the fixed share size.

But the trader only used 100 shares, what if the fixed share size was increased?

The same trades are taken and the trader uses 500 shares for every trade.

Trade #1 – The stop amount is 50 cents. The trade is taken with 500 shares, the trade was not successful and the stop was hit resulting in a **$250** loss

Trade #2 - The stop amount is 30 cents. The trade is taken with 500 shares, The trade was not successful and the stop was hit resulting in a **$150** loss.

Trade #3 - The stop amount is 10 cents. The trade is taken with 500 shares, the profit trail is hit after a 60 cent move for a profit of **$300.**

Trade #4 - The stop amount is 25 cents. The trade is taken with 500 shares, the trade was not successful and the stop was hit resulting in a **$125** loss.

Fixed shares vs R units

The fixed share size approach for the exact same trades resulted in a **net loss of $225** compared with fixed risk approach using the R unit which resulted **in a net profit of $140.**

Trading with fixed shares instead of a fixed risk did not allow the trader to take advantage of the random probability of success and therefore the one winning trade did not yield much profit because it only used the fixed share size.

R units and probabilities

No trading pattern or strategy works every time, and even if you have a historical percentage of success with a given pattern or strategy, there is no way to know if any given trade will be successful or not.

The best way to manage your risk is to keep your risk consistent and adjust your shares on each trade to fit that risk. In doing so you will be sure not to be undersized when a trade works as well as not being oversized when a trade fails.

Keeping the risk per trade consistent is the only way to take advantage of the random probabilities of success in trading.

Putting It All Together

Chapter 21

To unite all the concepts learned in this manual, go to the Control Center and in the Oliver Velez Method On Demand section watch Videos 10 through 12 where Oliver starts to create a Trading Plan for all his traders.

In these videos Oliver talks about the following:

- Narrow State to Wide State
- Positions
- The Buy Major Events
- Clearing Elephant Bar #1 and Bar#2
- The Sideways Break Strategies
- Whale Complete Versions
- The Whale Complete Formula
- Taking Profit Rules
- The Formula Items
- Whale examples
- The Major Reversal Times
- Wide Positions
- Bottom Play and Topping Play
- Market Law 4: Double Bottom
- Market Law 4: 20ma Halt
- The 7 Formula Stops
- The 8 Step Formula
- How to pick your list of stocks?

Glossary

Chapter 22

Acorn: Narrow Range Bar.

Break Even: When the entry in a trade reaches 1:1 (Risk/Reward) you move your stop to Break even, i.e. the risk in the trade is 0, and your STOP is at its entry point.

Chop: When the bars have no continuity, they are a mixture of red bars and green bars. They do not allow to give a good reading to the chart and identifying good entry setups.

Down and Trough: When a candle falls toward the whole number quickly, breaks it and returns immediately. .

Hoss: The 200-period moving average on the 15 min time frame.

Pullback: The stock has a retracement of its initial move

RBI: Red Bar Ignored

GBI: Red Bar Ignored

Risk/Reward: 1:1, If you risk 10 cents (Risk Unit set) and the stock has moved 10 cents in your favor. 2:1, If you risk 10 cents and the stock has moved 20 cents in your favor. 3:1, If you risk 10 cents and the stock has moved 20 cents in your favor.

Rip: Breakout with a force of some Resistance or Support (EJM Moving Averages, whole number, pivots).

Round Trip Average: Mathematical formula: (NET divided by total trading shares in the month) * 2

Shelf: When the stock takes a "break" and forms a sideways price range. You have to wait for the stock to break out of that range before you can go long or short.

Slippage: Entry orders to buy (long) or sell (short) are not taken with the exact number you wanted to have; a couple of cents are missed. EJM Wanted to buy at 40.15 and the buy order was placed at 40.18. Slippage of 3 cents

Trigger: When an entry setting is activated for a long or short.

VBS: Velez Buy Setup

VSS: Velez Sell Setup

Wiggle Room: Giving the stock room to move in a price range.

iFundTraders
Your path to professional trading starts here!™

Terms/Términos	English	Español
+BMG	Bull Monster Gap	GAP Toro Monstruo
-BMG	Bear Monster Gap	GAP Oso Monstruo
GDS	Gap Down Surprise	Gap Alcista Sorpresivo
GUS	Gap Up Surprise	Gap Bajista Sorpresivo
BDP	Breakdown Play	Jugada de Rompimiento Bajista
BOP	Breakout Play	Jugada de Rompimiento Alcista
CDB	Climatic Decline Buy	Compra de Caída Climática
CAS	Climatic Advance Sell	Venta de Avance Climático
GBR	Green Bar Reversal	Vela Verde de Reversa
RBR	Red Bar Reversal	Vela Roja de Reversa
VBS	Velez Buy Setup	Configuración de Compra de Velez
VSS	Velez Sell Setup	Configuración de Venta de Velez
RBI	Red Bar Ignored	Vela Roja Ignorada
GBI	Green Bar Ignored	Vela Verde Ignorada
BT	Bottoming Tail	Cola de Piso
TT	Topping Tail	Cola de Techo
NB	Narrow Body	Cuerpo Estrecho
NRB	Narrow Range Bar	Vela de Rango Estrecho
WRB	Wide Range Bar	Vela de Rango Amplio
TS	Trailing Stop	Ajuste de Stop
HH	Higher Highs	Altos más Altos
HL	Higher Lows	Bajos más Altos
LL	Lower Lows	Bajos más Bajos
LH	Lower Highs	Altos má Bajos
NH	New High	Nuevo Alto
NL	New Low	Nuevo Bajo
ML4	Market Law 4	Ley del Mercado número 4
PHR	Prior High Resistance	Resistencia Máximo Anterior
PLS	Prior Low Support	Soporte Mínimo Anterior
PDC	Prior Day's Close	Cierre del Día Anterior
RTs	Reversal Times	Tiempos de Reversa
VS	Volume Surge	Surge Volumen
MA	Moving Average	Media Móvil
TIF	Time in Formation	Tiempo de Formación
SOH	Sit on hands	Sentarse en las manos (no hacer nada)

Oliver Velez Store

Chapter 23

OLIVER VELEZ **STORE**

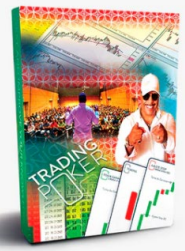
Visit Oliver Velez's store, where you can acquire the **tools** that are a great **complement to your process**. These tools were designed and created for you. They are important.

Throughout my years of development as a trader, I wanted something like this, but it didn't exist. **It's everything I wish I had**. I am grateful that today, you have access to these tools.

www.olivervelezstore.com

By purchasing **My Trading Planner Pro** or **My Trading Poker** you will have as a bonus access to a monthly lesson with Oliver

MY TRADING POKER



Have your trading plan in a didactic way In these charts you have:

When to enter a trade
When to add to your trade
When you have the right to take profit
When you can move your stop loss
And much more...

MY TRADING PLANNER PRO

12-month planner with a daily record keeping system to reach your goal of becoming a profitable and consistent Professional Trader. My Trading Planner Pro gives you that structure on what you need to do to become aware of your process.

Success follows consistency and daily action. Use this journal to record your process as a trader to improve your process day by day.

HABIT COMBO
COMBO HABITOS
> 1 TRADING PLANNER PRO
> 1 TRADING JOURNAL PRO
(membership one year)
> 1 HABIT TRACKER

By purchasing the Habit Combo you will acquire My Trading Journal Pro which allows you to quickly track your statistics on your process (1 year membership) (available only for IFT Students using IFT Pro)

Implement it, you can become a better Trader and a better version of yourself, do it and you will see your trading take off.